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Chariman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.20 a.m.

EXPRESSION OF SYMPATHY IN CONNECTION WITH THE RECENT EARTHQUAKE IN EGYPT

1. Mr. AL MAKTARI (Yemen) expressed sympathy to the Government and people of Egypt in connection with the recent earthquake in that country.

2. The CHAIRMAN endorsed the expression of sympathy on behalf of all the members of the Committee.

3. Mr. ELZIMAITY (Egypt) thanked the Chairman for the expression of sympathy.

AGENDA ITEM 106: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 107: FINANCIAL EMERGENCY OF THE UNITED NATIONS (A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 124: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (A/47/484)

4. Mr. THORNBURGH (Under-Secretary-General for Administration and Management) said that the United Nations was at a crossroads where it would have to demonstrate whether or not it could effectively adapt to changing times. The Organization was being called upon to play new operational roles in peace-keeping and peacemaking, in addition to its standing roles of serving as a forum for debate, standard-setting in such areas as human rights and fashioning economic and social programmes for developing countries. Many doubted that the Organization could meet those challenges.

5. The United Nations now had a one-time window of opportunity to play the role in world affairs intended by its founders, an opportunity long denied in the political circumstances of the cold war.

6. The overall financial situation of the Organization continued to be a matter of overriding concern. As at 12 October 1992, unpaid assessed contributions totalled some $1.2 billion, of which $550 million was owed in respect of the regular budget and $605 million in respect of assessed peace-keeping operations. Only 18 Member States had paid their regular budget and peace-keeping assessments in full.

7. During virtually all of 1992 it had been necessary to borrow from various peace-keeping accounts to meet the cash requirements of other peace-keeping operations. Moreover, with all reserves exhausted, it had also become necessary, beginning in August, to borrow from various peace-keeping funds to meet the cash requirements of the regular budget. Some $80 million had so far been borrowed from peace-keeping funds to enable the Secretary-General to meet the obligations and ensure the continued functioning of the Organization. The

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Secretary-General, in his report on the financial situation of the United Nations (A/C.5/47/13), had indicated that unless at least $400 million of the unpaid assessments was collected between 30 September and 31 December 1992, the regular budget and all assessed peace-keeping operations would run out of funds simultaneously.

8. It was thus gratifying that the major contributor had recently paid $229 million, representing the bulk of its share of the regular budget, and that the third largest contributor had just paid $18 million. He trusted that other Member States with arrears and unpaid contributions would make every effort to fulfil their statutory financial obligations towards the Organization, since that alone would solve the Organization's financial problems. Under the current regulations Member States were required to pay assessments during the month following notification by the Secretary-General of their dues.

9. The shortage of funds to meet expenses, continuing uncertainty about the availability of funds in the immediate future, and the unremitting precariousness of the Organization's financial situation all combined to make efficient management of the United Nations extremely difficult.

10. Various proposals to solve the medium- and long-term financial problems of the Organization had been made at the forty-sixth session, as well as at the current session, in the Secretary-General's report entitled "An agenda for peace" (A/47/277-S/24111) and in his annual report on the work of the Organization (A/47/1). It should be noted, however, that those proposals, even if accepted, would have no immediate effect on the cash situation for the remainder of 1992.

11. In "An agenda for peace", the Secretary-General had referred to the chasm that had developed between the tasks entrusted to the Organization and the financial means provided to it. The question of the Organization's long-term financial security was of such importance and complexity that public awareness and support must be heightened.

12. To that end, the Secretary-General and the Ford Foundation had recently announced the formation of an international advisory group on United Nations financing, to be co-chaired by a former Chairman of the United States Federal Reserve Board and a retired Deputy Governor of the Japan Development Bank. The group included many eminent financial and governmental experts from around the world. The Secretary-General intended to transmit the group's recommendations to the General Assembly at the current session. With the political will to address the financial problems of the Organization, workable solutions could be found, but only the General Assembly could take the appropriate decisions.

13. The proposed programme budget outline for the biennium 1994-1995 (A/47/358) represented the Secretary-General's preliminary estimates of

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resources to accommodate the proposed programme of activities for the next biennium. The outline was projected on the basis of existing and anticipated mandates and a globally stable budget. In view of the increased role of the United Nations in many areas, significant redeployments of staff and other resources among the various budget sections were desirable and possible. While budgets for peace-keeping operations were rapidly increasing, regular budget funding was still central to all United Nations activities.

14. The budget outline for 1994-1995 proposed increases in four areas: overall policy-making; the new Departments of Political Affairs and Peace-keeping Operations; international cooperation for development; and human rights and humanitarian affairs. Diminished priority was suggested for common support services, including administration and management and conference services. In that priorities were expressed not only through the allocation of resources but also through the myriad decisions which constituted the daily life of the Organization, the setting of priorities was not just a technical exercise but was an integral part of the political discourse characterizing debate on the budget. To say that every programme was a priority was to say that nothing was a priority.

15. The Fifth Committee would also be called upon to review the Secretary-General's report on the prototype of a new budget format (A/C.5/47/3). The Secretariat believed that the proposed new format represented a welcome simplification, and that it would facilitate the decisions of the General Assembly on the Organization's budget.

16. Commenting on programme planning, he noted that the Committee had before it the first proposed revisions to the medium-term plan for the period 1992-1997. Revisions were proposed to some 40 programmes to reflect new mandates adopted since the adoption of the plan, the outcome of the United Nations Conference on Environment and Development and the eighth session of the United Nations Conference on Trade and Development, as well as the results of the first phase of the restructuring of the Secretariat. In that connection the Fifth Committee would be called upon to consider the recommendation of the Committee for Programme and Coordination that a prototype of a possible new format of the medium-term plan should be presented for the following year. The Department of Administration and Management believed that the medium-term plan should be profoundly modified, since its length and complexity made it difficult to gain a clear perception of the Organization's policies, and there was a lack of any real involvement on the part of Member States in the substantive content of the plan.

17. The revised estimates for the current biennium in connection with the Secretary-General's initiatives on the first phase of the restructuring of the Secretariat (A/C.5/47/2) indicated that savings of some $4 million would be achieved as a result of the proposed elimination of 13 high-level posts in the Secretariat. Such a move, which would be in full conformity with General Assembly resolution 41/213, stemmed from the Secretary-General's decision to

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simplify the structure of the Secretariat so as to ensure clearer lines of responsibility and accountability as well as greater coherence in the implementation of the Organization's policies. In that regard, Headquarters organizational units had been consolidated into seven departments, headed by eight Under-Secretaries-General.

18. Turning to peace-keeping operations, he said that the financing of peace-keeping activities was the single most costly programme ever undertaken by the United Nations, accounting for over $2.5 billion in 1992. Ten of the 12 current peace-keeping operations were funded under the peace-keeping assessment formula, with 1992 appropriations ranging from a low of $21 million for MINURSO to a high of $838 million for UNAMIC/UNTAC. Two of the three operations established in 1992 (UNTAC and UNPROFOR) were the most costly ever fielded. Requirements for the maintenance of the existing peace-keeping operations for an additional six-month period were estimated at some $1 billion.

19. UNTAC, UNPROFOR and UNIFIL required large monthly outlays of cash. The level of collection of assessed contributions for peace-keeping operations had a direct impact on the provision of cash to meet the needs of the operations. Some of them could end the year with deficits in their special accounts if the payment pattern was not improved. During 1992 there had been a need for continued borrowing among the peace-keeping accounts in order to meet cash flow requirements. Loans had been made to UNIIMOG, ONUSAL and UNAVEM, and portions of those loans remained outstanding. In addition, part of the start-up costs of the United Nations Operation in Somalia (UNOSOM) had been met from the trust fund in support of peacemaking and peace-keeping. The only operation that had been adequately financed throughout 1992 was MINURSO, and that was due to its reduced level of activities.

20. The cash flow situation could have been worse had reimbursements to troop contributors been made as originally planned. In fact only one progress payment for troop costs had been made in respect of UNTAC and UNPROFOR. At the end of October, amounts due to troop contributors would total some $250 million.

21. The Fifth Committee would also be called upon to consider the question of anomalies in the allocation of countries to the four contributor groups. In that connection the Secretary-General had received requests from Member States for a realignment of countries, based on, inter alia, the application of currency exchange rates and realistic per capita national income figures.

22. With respect to the management of resources and financial control, the Secretary-General and his staff attached great importance to their fiduciary responsibility for the prudent management of the Organization's resources. Care was taken to ensure that such resources were utilized for the purposes for which they had been provided, that they were spent with all due regard for economy, and that there was strict accountability at all stages for their use.

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23. The Board of Auditors, in its report on the accounts of the United Nations for the biennium 1990-1991 (A/47/315), had drawn the attention of the General Assembly to a number of cases of fraud or presumptive fraud. In all instances it had been the Administration which had identified the cases, and appropriate action had been taken to recover funds and institute disciplinary proceedings. In that connection the Secretary-General intended to propose the creation of a system-wide inspector general for the United Nations, taking into account that some of the functions to be performed were already being carried out by other entities. Unfortunately, a number of those entities had not lived up to expectations, and the United Nations system was not currently equipped to handle the new responsibilities that Member States would be entrusting to it.

24. Of equal importance was the maintenance and improvement of financial and other internal controls, in which connection the Integrated Management Information System (IMIS) would bring major benefits. The Organization's internal audits had focused on the reliability and integrity of information; compliance with policies, plans, procedures, laws and regulations; the safeguarding of assets; the economical and efficient use of resources; and the attainment of established programme objectives.

25. Turning to conference services, he said that the report of the Secretary-General on the review of the Office of Conference Services (A/47/336) largely derived from a survey by the Management Advisory Service and work done by the Department of Administration and Management. It had already been decided to initiate pilot projects to implement some of the recommendations in the translation services area and consideration was being given to the better use of outside contractors.

26. A report on conference services at Vienna would also be submitted at the current session. Some progress had been made during 1992 towards the goal of a unified conference service to be administered by the United Nations Office at Vienna (UNOV). Discussions on that matter between UNOV and UNIDO were continuing.

27. Implementation of the optical disk project was continuing, and some installations had now been completed at Geneva and New York and systems training had begun at both locations. The testing of connections to the missions of Member States in New York would be carried out in the fourth quarter of 1992.

28. As a result of the continually increasing demands made by Member States for more regularly scheduled meetings, conferences and more timely documentation, the burden on the Office of Conference Services was becoming more dramatic. Clearly the situation could not continue. There were but three solutions: to decrease the demands made on conference services by limiting the number of meetings and conferences; to change entitlements; or to increase the quantity of services provided. The Department of Administration

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and Management was prepared to play its part by using its resources in the most effective way through the better utilization of technology and better management of its human resources, but it would be much aided if Member States were willing to look seriously at the current calendar of meetings and conferences and determine whether there were some that were simply not necessary. It might be worth while considering a moratorium on international conferences through, for example, the fiftieth anniversary year of 1995, to allow time for an in-depth assessment of the question.

29. With regard to the programme of technological innovations, it was essential to establish a viable global computer and telecommunications infrastructure for the United Nations. With such an infrastructure in place, the Organization could benefit from a number of new technological developments. Central to such an approach was the desktop computer, which was becoming the prime vehicle for sharing and integrating information, thus facilitating organizational work programmes. The United Nations must make a strong commitment to increased use of modern technology, which in turn could enhance the use of its most important resource, the staff of the Organization.

30. The Integrated Management Information System IMIS project was foremost among the technological innovations programmes. The first applications of IMIS at Headquarters were planned for early 1993, and the system should be fully implemented by the end of 1993, with installation at other major offices during 1994. A review of the project by a team of independent experts, as mandated by the General Assembly at the forty-sixth session, had confirmed that the expected benefits would be realized. The need for such a system, which could provide management with up-to-date financial and personnel information, had been dramatically demonstrated in past months. IMIS would be an important strategic tool for managing the Organization and further rationalizing the work of the United Nations.

31. With regard to personnel questions, the restructuring exercise now under way was aimed at consolidating the earlier restructuring efforts and extending the process to offices away from New York. Under the first phase, a number of departments and offices had been merged, producing a more streamlined structure in which the focus of responsibility was clearer. At the same time, new offices had been created to reflect the new demands placed upon the Organization by Member States. With the new structure in place, a detailed review of staffing tables had been conducted in order to streamline and strengthen wherever appropriate. It was not a retrenchment exercise, but, rather, a phase of adaptation to new demands.

32. A temporary freeze on external recruitment for vacant posts in the Professional category had been introduced in February, providing an opportunity to evaluate on a case-by-case basis the need to fill particular vacancies, as well as to make the maximum use of in-house talent and to redeploy unneeded vacant posts to rapidly developing areas, such as peace-keeping and humanitarian efforts. The intention was not to change the

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current financial regulations on the transfer of resources between budget sections, but merely to indicate that greater flexibility in the use of staff resources was the only way to respond rapidly and more effectively to changing circumstances and mandates.

33. It had become apparent from discussions with management and staff at various duty stations away from Headquarters that measures were required to upgrade the skills of the staff and improve morale in order to increase the Organization's effectiveness. In that connection, the Department had reviewed training programmes and had noted the enormous demand placed on the small budget for that area. Given that the Organization was being called upon to undertake so many major new activities, it would be necessary to equip staff better for such assignments. Accordingly, training, especially management training, was high on the list of priorities. Management training was important because of the strong link between effective leadership and management and high staff morale, productivity and career satisfaction. The United Nations currently devoted a mere 0.27 per cent of its staff costs to occupational and management training, whereas United Nations agencies, such as UNICEF and the World Bank, spent an average of eight times as much. The Secretary-General would shortly issue a report on the subject. If delegations were truly committed to making a difference, they would join with the Department in identifying the necessary resources.

34. Also during 1992, human resources experts from the French and Australian Governments had worked with the Office of Human Resources Management to produce a report on career development, to be issued shortly. The plan, if implemented, could dramatically change the way in which the United Nations administered its personnel system and provide better personnel services.

35. Managers and staff consistently complained about the cumbersome and complicated personnel system that had developed over the history of the Organization. That system was in need of change. When the Committee reviewed the report on career development, it should consider increased appropriations for occupational and management training; it should introduce meaningful performance evaluation to assess staff performance and ensure accountability and revise the cumbersome rebuttal procedure; and it should improve the status of women, who currently held only 30 per cent of posts subject to geographical distribution.

36. In conclusion, the Department of Administration and Management was seeking to improve the quality of services provided both to Member States and other departments, reduce the time needed to deliver services and also reduce costs, which meant ensuring that resources allocated for an activity were spent cost-effectively. The goal was to develop a vision of change that would be shared by all members of the Secretariat. While reform would not take place overnight, he was confident that with the cooperation of all concerned the Department would be able to report significant achievements to the Committee in 1993.

37. Mr. HUSLID (Norway), speaking on behalf of the Nordic countries, said that the Committee had recognized the urgency of agenda items 106 and 107 by deciding to consider them at the very beginning of the session. It was now necessary to show the political will to reach an agreement that would improve the grim financial situation of the United Nations. The Nordic countries found it hard to understand why the vast majority of the Member States failed to paid their assessed contributions to either the regular budget or peace-keeping operations. It was paradoxical that the same Members that were asking the Organization to assume important new peace-keeping responsibilities were unwilling to provide it with the financial resources it needed to carry them out. The members of the Security Council had a special responsibility in that regard.

38. Countries which, like the Nordic countries, faithfully met their financial obligations to the Organization, were coming under mounting domestic pressure as a result of the dramatic increase in appropriations for peace-keeping operations and the sizeable amounts outstanding in reimbursement for the peace-keeping troops they had made available to the Organization. With so many States holding back their contributions, countries which had in the past paid in full, on time and without conditions were less inclined to do so. It was a vicious cycle that must be broken.

39. Turning to the specific proposals made in the report of the Secretary-General (A/C.5/47/13), he said that the Nordic countries favoured the proposal to charge interest on unpaid balances, which was a common business practice, and they hoped that the General Assembly would take decisive action on it during its forty-seventh session. They also reiterated their strong support for the establishment of a temporary Peace-keeping Reserve Fund to meet the initial expenses of peace-keeping operations and would participate actively in informal consultations on that topic. They supported the proposal to increase the Working Capital Fund to approximately 25 per cent of the annual assessment under the regular budget as a means of improving liquidity.

40. The Nordic countries had doubts about the proposal to give the Secretary-General authorization to borrow commercially in the event of a cash shortfall, since external borrowing would only increase the Organization's overall costs without solving the underlying problem of arrears. The creation of a United Nations Peace Endowment Fund was an interesting and innovative idea. However, the proposed target of $1 billion was unreasonable in view of the ongoing financial crisis, and the implications of any such expansion of the Organization's revenue base would require further study before a decision could be taken. Similarly, while consideration should be given to the proposal for the General Assembly to appropriate one third of the estimated cost of each new peace-keeping operation as soon as the Security Council decided to establish the operation, it should be examined in the light of the reserve fund for peace-keeping operations and of the ongoing discussions on the authority of the Council and General Assembly. Lastly, although the Nordic countries acknowledged the possible occasional need for the

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Secretary-General to place contracts without competitive bidding, they thought that any significant increase in that practice should be avoided for reasons of fairness and accountability.

41. The Nordic countries noted with interest the Secretary-General's invitation to a group of international experts to examine the question of the financing of the United Nations and looked forward to discussing his comments on the outcome of its consultations in the Committee.

42. In conclusion, he urged all Member States that had not yet paid their assessed contributions for 1992 or previous years to do so promptly. As long as Member States failed to pay in full and on time in accordance with their statutory obligations, the financial crisis would continue.

43. Mr. KUKAN (Czechoslovakia), after calling the attention of the Committee to the seriousness of the Organization's financial situation, said that his country fully supported the solution proposed in document A/46/600/Add.1. It was incumbent on Members to pay their assessed contributions, particularly in the light of the increased authority assumed by the United Nations with the end of the cold war. However, it was equally important to take steps to improve the Organization's efficiency and to limit the growth of the budget.

44. Czechoslovakia was one of the few countries that paid its contributions to the United Nations regular budget in full and on time. It also did its best to meet its obligations with respect to peace-keeping operations, although it was not always able to make all payments on time. Indeed, information which had come to light after the 1989 revolution showed his country to be much less prosperous than previously believed. For example, in an attempt to present a rosy picture of Czechoslovakia's economy, the former authorities had maintained unrealistic official exchange rates for the national currency. Thus, the statistics on which Czechoslovakia's contribution to the budget of the United Nations was based had overstated the country's real per capita income. The 1980s had in fact been a period of economic hardship and decline for Czechoslovakia. It was now going through the first difficult stage of its transition to a market economy in an unfavourable economic climate.

45. His delegation intended to submit a draft resolution to the Committee asking the General Assembly to transfer Czechoslovakia from group B to group C of the scheme for the apportionment of costs for peace-keeping operations. He was confident that the Committee would approve its request.

46. Mr. CHUINKAM (Cameroon) said that it was wrong to expect the Organization to accomplish enormous new tasks without giving it the necessary resources. In the view of his delegation, the financial problem of the United Nations was both political and budgetary. Some Member States were using non-payment of their assessed contributions as a political weapon to influence the Organization, while others were genuinely unable to pay in full and on time.

(Mr. Chuinkam, Cameroon)

He hoped that the recent reforms in the Secretariat would undermine the argument of inefficiency and would force countries in the first category to make it abundantly clear to their citizens that if they wanted the United Nations to maintain international peace and security, they would have to pay for it. On the other hand, he had great sympathy for the countries that were honestly unable to pay their contributions. While Cameroon had always made the sacrifices necessary to meet its financial obligations, it had sometimes been late in doing so.

47. His delegation could support the idea of charging interest on arrears owed by Member States only if a distinction was made between the two categories of States so that those truly unable to pay were not punished unfairly. Similarly, commercial borrowing was an acceptable emergency solution only if the interest on the loans was borne by Member States that had the means, but not the will, to pay their assessed contributions.

48. His delegation accepted the establishment of a temporary Peace-keeping Reserve Fund in principle, although it did not think it would provide a long-term solution to the liquidity problem. It did not object to the suspension of the relevant financial regulations in order to permit the retention of budgetary surpluses as long as the measure was temporary, since the surpluses belonged to the Member States. In the light of the exponential increase in humanitarian activities, it supported the creation of a Humanitarian Revolving Fund financed from voluntary contributions. It was also in favour of imposing a levy on arms sales for the purpose of maintaining an Arms Register, as well as one on international air travel. A general tax exemption for contributions made to the United Nations by foundations, businesses and individuals was a good idea, as was the proposal to establish a revolving peace-keeping reserve fund of $50 million. However, it could not commit itself on the companion proposal of authorizing the General Assembly to appropriate one third of the estimated cost of each new peace-keeping operation immediately. In its view, detailed cost estimates should be considered before any appropriations were approved. If the proposal were to be implemented at all, such appropriations should be made on a case-by-case basis.

49. With respect to the proposal on the award of contracts, his delegation wished to know what circumstances would be exceptional enough to necessitate their award without competitive bidding. It would also like to see a detailed explanation or a specific proposal regarding any changes in the formula for calculating the scale of assessments for peace-keeping operations.

50. Mr. JAMRAH (Malaysia) reiterated his delegation's concern about the long-standing financial crisis of the United Nations, which was further aggravated by the unprecedented increase in the number of its peace-keeping operations. The root of the problem lay not in financial mismanagement but in the failure of Member States, especially major contributors, to pay their assessed contributions in full and on time. His delegation was particularly

(Mr. Jamrah, Malaysia)

dismayed that more than half of the total arrears were owed by two of the five permanent members of the Security Council.

51. Malaysia was in general agreement with the ideas proposed by the Secretary-General in document A/C.5/47/13. However, he wished to stress that any measures adopted should be temporary, pending the payment of assessed contributions. They should also comply with the relevant statutory provisions and should not impose an undue burden on developing countries in dire straits.

52. The Secretary-General's proposal to charge interest at commercial rates on Member States in arrears on their assessed contributions was timely and merited careful consideration. Nevertheless, his delegation agreed with the opinion expressed in the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (A/46/765) that a more detailed explanation would be required. It would also be necessary to determine whether the proposal was in conformity with the relevant provisions of the Charter.

53. His delegation shared the doubts expressed by ACABQ and by other delegations as to the viability of commercial borrowing. Not only would the interest incurred increase the Organization's financial burden, but it would also be difficult to agree on a fair formula for apportioning the expense. Moreover, as a world body, the United Nations should not be indebted to commercial financial institutions.

54. The immediate establishment of a revolving peace-keeping reserve fund of $50 million was a practical suggestion which should command the consensus of the Member States, since the fund would be quite similar to the Humanitarian Revolving Fund. His delegation was prepared to discuss the various modalities for its funding with other interested delegations. However, it reserved the right to comment on the proposal to establish a United Nations Peace Endowment Fund of $1 billion until all the reports of the Secretary-General on the administrative and budgetary aspects of the financing of United Nations peace-keeping operations were available.

55. Mr. KINCHEN (United Kingdom) said that his delegation would welcome additional information concerning the cash-flow situation above and beyond that contained in the report of the Secretary-General (A/C.5/47/13) and in the statement by the Under-Secretary-General for Administration and Management. In the past, figures had been provided showing the cash balances available in the General Fund and peace-keeping accounts at the end of each month. He asked whether such figures could be provided for the current year, indicating the actual position for each month up to the end of September and the Secretariat's projections for each month up to the end of December. He felt sure that the information would be very useful to delegations.

56. The CHAIRMAN said that he would ask the Secretariat to provide the information concerned.

57. Mr. INOMATA (Japan) endorsed the request made by the representative of the United Kingdom. Although the Under-Secretary-General for Administration and Management had said that an additional $1 billion was to be appropriated for the next six months to cover all peace-keeping operations, he was aware that there had been considerable delay in submitting the budget estimates for the next stage of the operations and was concerned that the Committee's work programme might be affected. Any delay would jeopardize the timely issuance of letters of assessment to States and could precipitate a financial crisis. He would therefore welcome information on the preparation of the budget proposals for the next stage of the peace-keeping operations.

58. Mr. BAUDOT (Acting Controller) said that it had been anticipated that a request for an additional appropriation for the peace-keeping operation in Cambodia would be submitted to the Fifth Committee through ACABQ during the current month. However, because of the need to collect accurate information for the performance report on the first six months of the operation, which was to be submitted together with the new budget request, that had not been possible. The letters of assessment would be sent out immediately after the budget was submitted, which he hoped would be in mid-November. In addition, a request from the Secretariat for authority to spend after 31 October and before the General Assembly adopted the new budget was currently before ACABQ.

59. Mr. AL MAKTARI (Yemen) said that he agreed with the Secretary-General that the financial crisis was due mainly to the delay in the payment of contributions to the regular budget and peace-keeping operations. However, there were also other factors, notably the substantial sums spent on experts, which accounted for 80 per cent of budget expenditure, compared with the 20 per cent devoted to humanitarian projects.

AGENDA ITEM 110: PATTERN OF CONFERENCES (A/47/7/Add.1, A/47/32, A/47/287, and A/47/366; A/C.5/47/1)

60. Mr. KARBUCZKY (Hungary), Chairman of the Committee on Conferences, introducing the report of the Committee on Conferences (A/47/32), said that in 1992 the Committee had devoted much of its attention to issues regarding the control and limitation of documentation. In all its work, the Committee had taken into account the responsibilities entrusted to it by the General Assembly in resolution 43/222 B, bearing in mind the ultimate goal of achieving cost-effective management of meetings-servicing and documentation resources while maintaining the high quality of services. The Committee had focused its attention on three fronts, namely individual Member States, intergovernmental organs and the Secretariat, which all had a role to play in achieving that goal. It had formulated guidelines for Member States and intergovernmental organs and issued directives to the Secretariat, in an effort to increase its influence on all three fronts. Following extensive discussions, 18 specific recommendations had been made directly to the General Assembly and other directives had been issued to the Secretariat.

(Mr. Karbuczky, Hungary)

61. The draft revised calendar of conferences and meetings for 1993 contained in annex I was essentially an updated version of the one approved in 1991 and had been reviewed and amended in order to increase the efficient utilization of limited conference resources, avoid overlapping, and ensure that input from ACABQ was available to intergovernmental and expert bodies when they considered administrative and financial matters. The Committee's recommendations were set out in paragraphs 9 to 16 of the report and included a recommendation to the General Assembly that it should request all subsidiary bodies to seek the technical advice of the Office of Conference Services on the availability of conference-servicing facilities before making recommendations on or adjustments to the dates and periodicity of future sessions, in order to avoid situations where the Secretariat faced a fait accompli in the form of decisions on sessional dates that could not be serviced from existing permanent resources. The Committee had also requested the Secretariat to present to the General Assembly at its current session a statement of programme budget implications on the proposed restructuring of the intergovernmental machinery of the United Nations Conference on Trade and Development (UNCTAD). In addition, the Committee had requested the Governing Council of the United Nations Development Programme and the Executive Board of the United Nations Children's Fund to continue to evaluate their meeting and documentation requirements with a view to reducing them where possible, and to report to the General Assembly at its forty-eighth session.

62. The Committee had again reviewed the utilization statistics of a core sample of United Nations organs and had found the overall performance during 1991 to be encouraging, with a collective utilization factor of 78 per cent - above the benchmark figure of 75 per cent previously set by the Committee. In response to the request made by the General Assembly in resolution 44/196 that it should review the methodology on conference-servicing utilization rates in order to provide a more accurate assessment of the overall use of resources, the Committee had developed a revised methodology which had been introduced on an experimental basis for a period of three years up to the end of 1992. Additional elements and calculations had been introduced and the experimental methodology would be evaluated in 1993, when the Committee would review each aspect of the calculations - the utilization factor, the planning accuracy factor, the meeting ratio and the availability index on pre-session documentation - with a view to establishing standards for each of them.

63. In accordance with resolution 46/190, all subsidiary bodies of the General Assembly and of the Economic and Social Council were required to undertake informal consultation with a view to improving the utilization of conference-servicing resources and to report back to the Chairman of the Committee on Conferences, which would review the replies received and examine cases where the utilization factor had been lower than the established benchmark figure for at least three sessions. In order to have available the most complete information possible, the Committee had decided to consider that question in 1993. In the interim, however, the Committee had reviewed the information so far received and had decided to recommend to the General

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Assembly that it should urge all United Nations bodies to maximize the accuracy with which they forecast the number of fully serviced meetings they would require, notably through improved planning of informal consultations. It had also requested the Chairman to consult with the chairmen of organs whose utilization factor had been lower than the established benchmark figure for the last three sessions, with a view to making appropriate recommendations for the optimum utilization of conference services.

64. In an effort to increase Member States' awareness of what could be done to make the most efficient use of limited and costly resources, the Committee had asked the Secretariat to develop a notional "cost per hour of meeting time" and to bring it to the attention of the members of all United Nations organs. The Committee had also examined trends in meeting and documentation requirements and conducted a detailed assessment of the current situation of coordinated planning of all organizational aspects of conference servicing, with a view to developing a system of global planning and coordination.

65. The availability and clarity of documentation was crucial to the ability of delegations to participate fully in the work of intergovernmental organs and the timeliness and length of documents was of major concern to all delegations, as shown by the many General Assembly resolutions on the subject. Furthermore, it was clear that Member States and intergovernmental bodies bore a certain responsibility with regard to documentation, since their actions or decisions often had a direct influence on its timing, length and quantity.

66. The Committee had reviewed a report on compliance by subsidiary bodies with the 32-page limit for reports and, with a view to reducing the volume of documentation and keeping delegations fully informed, had decided to recommend to the General Assembly that it should request the Secretariat to bring the relevant resolutions, rules and regulations governing documentation to the attention of all organs at the start of sessions, that it should ask Member States to exercise restraint in requesting the circulation of communications as official documents and in the submission of reports, and that it should urge subsidiary organs to comply with the 32-page limit, in an effort to reduce the length of reports without compromising on quality or on mandated reporting obligations.

67. In addition, the Committee had requested the Secretariat, in cooperation with the United Nations Institute for Training and Research, to incorporate information on the preferred format for reports and on documentation processing costs into existing briefings and training programmes for new delegates and Secretariat officials responsible for preparing final reports of United Nations bodies, with the aim of ensuring more concise reports. The Secretariat had also been asked to prepare a model for final reports of subsidiary organs, based on existing drafting guidelines, for the Committee's continued consideration of the agenda item.

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68. With regard to the question of written meeting records, the Committee had decided to recommend to the General Assembly that it should ask the Secretariat to issue the verbatim records of the plenary meetings of the Assembly in final form, on the understanding that consolidated corrigenda would be issued at appropriate intervals, in order to make the final text of records available promptly and to reduce costs. The Committee had also asked the Secretariat to consider the possibility of issuing Security Council verbatim records in the same manner.

69. The Committee had asked the Secretariat to report to it at its 1993 substantive session on the validity of the guidelines used as the basis for recommendations on the provision of written meeting records to the subsidiary organs of the General Assembly.

70. The Committee had again noted a lack of compliance with the six-week rule for issuance of pre-session documentation and had decided to reaffirm its insistence on full compliance with that rule, in accordance with paragraph 24 of resolution 46/190. In that connection, the Committee had also decided to recommend that the General Assembly should appeal to intergovernmental bodies to make full use of the report on the state of pre-session documentation when reviewing the organizational arrangements for their substantive sessions, since it provided a useful tool for arranging their work. The General Assembly should also urge subsidiary organs to review their agendas to see if they could assist in compliance with the six-week rule by combining items and limiting requests for pre-session documentation wherever possible.

71. In addition, the Committee had requested the Secretariat to extend interdepartmental consultation in order to improve the timely availability of documentation. It had also asked the Secretariat to reissue the document explaining the indicator dates that appeared on all documents and to include that information in future issues of the "Information for Delegations" handbook.

72. The Committee had devoted considerable time to the review of the Office of Conference Services called for in resolution 46/190 and felt that the report of the Secretary-General on the subject (A/47/336) provided a useful examination of the problems concerned. The Committee noted the concrete recommendations made by the Secretariat and the actions undertaken, but felt that the cost-benefit aspects of the application of new technologies and the financial implications of the recommendations contained in the report had not been adequately addressed. Accordingly, the Committee had asked the Secretariat to continue to monitor developments affecting the performance of the Office of Conference Services in a number of different areas and to report on the subject to the General Assembly at its forty-eighth session through the Committee on Conferences and ACABQ.

73. The Committee had recommended that the General Assembly should approve the proposed revisions to the medium-term plan for the period 1992-1997

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relating to conference and library services. On the question of the organization of its own work, the Committee had decided to maintain the overall duration and annual periodicity of its sessions and to continue its biennial programme of work.

74. The Committee had also considered a report on the usefulness and feasibility of installing an appropriate signalling system whenever a speech time-limit is established in accordance with rule 72 of the rules of procedure (A/47/287) and had decided to recommend to the General Assembly that it should install portable devices of the kind described in paragraph 15 of the report in sufficient numbers and in the most cost-effective manner possible. The system could lead to significant savings in conference-servicing resources and should be brought to the attention of all organs and users.

75. Mrs. CESTAC (Assistant Secretary-General for Conference Services) said that events on the international political scene in recent years had had a major impact on the role of the Organization and, more specifically, on the functioning of the Office of Conference Services (OCS). The end of the "bipolarization" of international relations had enabled the Organization to emerge from the paralysis which had prevented it from fully playing its role under the Charter, while the situations calling for its intervention had multiplied spectacularly. As far as the impact of those developments on the Office of Conference Services was concerned, it would be simplistic to believe that the intensification and multiplication of field operations had had the effect of making the Organization's traditional role as a forum for communication between States recede into the background. The complex and often tragic situations which the United Nations was confronting with action in the field gave rise to intense diplomatic activity. The intensification of the activities of the Security Council and the multiplication of peace-keeping operations had resulted in a considerable increase in the volume of documentation processed and meetings serviced and required much greater flexibility on the part of OCS units, which had to be ready at any moment to respond at once to the needs of the Security Council and its subsidiary bodies (A/47/1). In all of 1987, the Council had held 49 official meetings, adopted 14 resolutions and issued 9 presidential statements; in the first seven months of 1992, it had held 81 official meetings, adopted 46 resolutions and issued 43 presidential statements. For the first half of 1987, the volume of documentation translated for the Council and its subsidiary organs amounted to 875,900 words, or 2,630 pages; for the first six months of 1992, the volume of that documentation reached 8.3 million words, or approximately 25,000 pages, which represented an almost tenfold increase.

76. The year 1992 marked a historic turning-point for the Secretariat. The Secretary-General had embarked upon an extensive reform of the Secretariat in the light of the new role taken on by the United Nations, in particular the intensification of its field operations. The first phase of the reform had entailed the regrouping of a number of offices or departments. As a result, the former Department of Conference Services had been transformed into an

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Office within the Department of Administration and Management. The second phase of the reform, currently under way, consisted in determining the implications, in terms of organization and methods, of the rationalization of the structure of the Secretariat decided upon at the beginning of 1992. It had already resulted in the freezing of 28 posts in OCS for possible redeployment, a decision taken in August 1992. The challenge faced by the Secretariat was to show that it could become the effective and flexible instrument which the revitalization of the Organization's role demanded, while the overall budget remained stable. For OCS, the challenge was particularly formidable. On the one hand, the Member States were concerned with controlling conference-servicing costs; on the other hand, despite the combined efforts of Member States, through the Committee on Conferences, ACABQ and the Fifth Committee, and of the Secretariat, it had not been possible to reduce the programmes which constituted the essential part of the Office's mandate - namely, the servicing of meetings of intergovernmental and expert bodies and the processing and distribution of the multilingual documentation required by those bodies. Indeed, the Office's services were more in demand than ever. Faced with that dilemma, it was intensifying its efforts to improve its methods and the organization of its services. It was making great strides, but there were limits to its latitude for action.

77. Although, at its 1992 session, the Committee on Conferences had focused mainly on documentation, it had raised questions which affected almost the whole of the mandate of the Office of Conference Services. Since the Chairman of the Committee had just given a detailed report, she would comment only on a few salient points.

78. First, among other special items included in its agenda, the Committee had been asked to give its views on the proposed revisions to programme 39 of the medium-term plan for the period 1992-1997. Those proposals did not change the main thrust of the plan and were intended in essence to update the plan in the light of the evolution of the situation in certain areas. The Committee had recommended various improvements in the wording of the proposals and its recommendations had been brought to the attention of the Office of Programme Planning, Budget and Finance.

79. The Committee had also approved the outline of a report on the Organization's publications policy to be submitted to the General Assembly at its forty-eighth session, pursuant to resolution 46/185 B. She noted that, in a related decision, the Committee on Information, at its fourteenth session, had recommended that the General Assembly should request the Secretary-General to direct the Publications Board to develop criteria and review all publications and proposals for publications to ensure, inter alia, that each publication fulfilled an identifiable mandate and need, was timely, and did not duplicate other publications inside or outside the United Nations system.

80. However, the special item which had above all held the Committee's attention was the review of the Office of Conference Services requested by the

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General Assembly in resolution 46/190, the results of which were set out in the report of the Secretary-General in document A/47/336. That review had given OCS an opportunity, with the assistance of colleagues in the Management Advisory Service and a number of outside experts, to re-examine in detail the Office's structure, functioning and working methods. The Committee on Conferences had studied the Secretary-General's report very carefully and noted that it provided a good overview of the current situation in OCS. The recommendations in the report could be divided into three categories. First, there were those which, as stated in paragraph 35 of the report, could be implemented by OCS within its established mandate and policy guidelines; steps had already been initiated to implement those recommendations.

81. The reason why the list of those steps included in the report was not longer was that the solution to a number of the problems noted during the review fell within the framework of the strategy defined in the medium-term plan for the period 1992-1997 as adopted by the General Assembly. Second, there were recommendations which, although not involving any modification of the mandate of OCS or of the guidelines governing its work, could not be implemented immediately because the necessary resources had not been allocated in the budget for the current biennium. The Office intended to carry out a thorough cost-benefit analysis of the measures recommended, as advocated by the Committee on Conferences, and on the basis of the results of that analysis would include them in its budget proposals for the biennium 1994-1995. Third, there were recommendations which required policy guidance or other decisions by Member States, either because they involved changes in the working methods of some bodies or because they called for a review of the entitlements of certain bodies whose rate of utilization of the services made available to them had for several years been below the benchmark established by the Committee on Conferences. It was on those few, but very important, recommendations that the Fifth Committee would be asked to give its views.

82. With regard to documentation, the Committee on Conferences had deplored the lack of progress on two long-standing issues in particular: compliance by the Secretariat with the six-week rule for the distribution of pre-session documentation, and compliance with the 32-page limit for reports of subsidiary organs. She was grateful that the Committee had not only recommended that the General Assembly should strongly reaffirm the six-week rule, compliance with which by OCS depended on author departments meeting the 10-week deadline established for the submission of manuscripts of pre-session documents. With the aim of facilitating compliance with the six-week rule, the Committee on Conferences had suggested that subsidiary organs should try to streamline their agendas by combining certain items; that would, in principle, result in a reduction in the number of studies and reports to be submitted to those organs before their sessions. She noted that the Committee had shown a certain realism about the expected results of that further reminder by accompanying its recommendation with an appeal to the organs concerned to make active use of the report on the state of preparation of their pre-session documentation when drawing up their programme of work for a session. She

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welcomed the fact that the Committee not only recommended that the General Assembly should once again draw attention to the 32-page rule, but also made suggestions which should facilitate its implementation by the subsidiary organs and by the Secretariat, and urged that a model for such reports, based on existing guidelines, should be submitted for its consideration in 1994. She also welcomed the Committee's recommendation that Member States should try to limit the length of the communications which they requested to have circulated as official documents of the Organization - as they had a sovereign right to do - and that they should ensure that they submitted such communications in the most complete, concise and timely manner possible.

83. In the light of the statistics available, she could not but share the practical realism demonstrated by the Committee on Conferences. But realism did not mean defeatism: the Office of Conference Services, from its uncomfortable position at the end of the documentation production line, worked tirelessly, year after year, to remind the secretariats of the various deliberative organs of the need to comply with the rules established by the General Assembly regarding the time-limits for submission and the length of documents, emphasizing that any infringement of those rules risked disturbing the functioning of intergovernmental organs. The Committee on Conferences was well aware of that, and for that reason it had asked the Secretariat to intensify interdepartmental consultations and cooperation. At interdepartmental coordination meetings, OCS reaffirmed the need for compliance and, not discouraged, emphasized that the pile-ups caused by the late submission of documents placed a burden on its budget and jeopardized the quality of documentation.

84. Although, in connection with the calendar of conferences the Committee on Conferences had confined itself to considering the changes proposed for 1993 in the biennial calendar adopted by the General Assembly at its forty-sixth session, it had considered a number of conference room papers which were indicative of developments in the meetings-servicing situation. Some encouraging progress could be noted from the information provided to the Committee, for example regarding the rate of utilization of meetings services made available to intergovernmental and expert bodies. Also in connection with meetings services, the Committee, in the context of the review of the structure and functioning of OCS, had expressed great interest in what had come to be called the global planning of conferences and meetings.

85. The system of global planning was one example of the measures being taken to improve the efficiency of the services provided and to achieve savings. The aim of the Interpretation and Meetings Division was to make the fullest possible use of United Nations conference facilities and services world wide. The process began with the drawing up of the calendar of conferences: in the light of the constraints deriving from the mandates of the various organs, the prescribed channels for the consideration of reports and the established rules with respect to the venue, periodicity and duration of sessions of individual bodies, an effort was made to ensure that meetings at the three main

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conference centres - Headquarters, the United Nations Office at Geneva (UNOG), and the United Nations Office at Vienna (UNOV) - were spread out as evenly as possible throughout the year. Since the constraints which she had mentioned made it difficult to achieve that objective fully, OCS sought at least to ensure that peak periods did not occur in the different centres at the same time, so that exchanges of language staff were possible. She cited the example of the team of interpreters from the United Nations Office at Vienna, during the summer slack period, some of whom had joined New York-based staff to provide services first for the Rio Conference on Environment and Development and then for the session of the Economic and Social Council. Interpreters from Vienna had also assisted the United Nations Office at Geneva in July and August. She added that, as far as translation was concerned, it obviously made more sense - and was now possible thanks to technology for the transmission of text in electronic form - to shift some documents from one centre to another rather than to move staff around. In planning for meetings away from the permanent conference centres, OCS carefully evaluated the various options that existed in order to identify the one which would deliver the required services at the lowest cost, taking into account such factors as the possibility of assigning permanent staff from UNOG, UNOV, Headquarters or the regional commissions without replacement; the possibility of recruiting freelance interpreters and translators locally; and the comparative costs of pay for staff available locally versus the travel and subsistence allowances for staff who could be assigned from other centres.

86. Several other examples could be cited of measures which had been taken to make optimum use of the appropriations allocated to OCS for the current biennium. As soon as the decision was made to replace the Wang system with WordPerfect software in its word-processing units, the Office had taken steps to take advantage of the new opportunities which that software offered for improving the presentation of documents while achieving savings in the use of paper and in documents storage. Thus, as recommended in the Secretary-General's report, the Office intended to adopt new page formatting for documents which, without any reduction in legibility, would allow for a 30 to 40 per cent increase in the number of words per page. Similarly, WordPerfect software would allow for much wider use of desktop publishing in producing the bound supplements, thereby yielding substantial savings in external printing costs. Those savings would be reflected in the budget estimates for the biennium 1994-1995. Similarly, in the area of publications, the introduction of a network of workstations with desktop publishing capacity in the Cartographic, Graphic Presentation and Copy Preparation and Proofreading Units would make possible substantial savings in contractual printing costs. In addition, use of laminating machines and colour presses, and the acquisition of new binding equipment would also enable much of the work which previously had to be sent to outside contractors to be done in-house. One last initiative which had been endorsed by the Committee on Conferences was the possibility of issuing the verbatim records of the plenary Assembly in final form, with any corrections issued in a consolidated corrigendum at the end of the session, as was already done for the verbatim

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records of the First Committee. That procedure would result in considerable savings, since the verbatim records would no longer have to be printed and distributed twice, and it would be possible, without the use of typesetting, to produce documents whose appearance would be the equal of that of the final verbatim records in their current form. In the area of translation, once the networked workstations provided for in the medium-term plan were in place, it was planned to take full advantage of the potential of computer-assisted translation, which would enable the translators to spend less time on research and preparation and more on translation proper, thanks to an integrated system of computer-based tools. Lastly, a number of benefits were expected to be reaped from the investments in the Dag Hammarskjöld Library which were included in the budget for the current biennium. Parallel to a streamlining of the Library's organizational structure, the introduction of an integrated library system would eliminate the need to enter the same information several times and would make the Dag Hammarskjöld Library a truly modern tool at the service of Member States and the Secretariat.

87. She had sought, with those examples, to illustrate the Office's constant concern to improve its procedures so as to achieve greater efficiency and economy. In the ongoing search for ways to serve Member States better, OCS strove to take advantage of the experience of other organizations of the United Nations system through the unique forum provided for that purpose by the Inter-agency Meetings on Language Arrangements, Documentation and Publications. Those meetings, whose work was followed up in the Administrative Committee on Coordination, afforded an opportunity each year to exchange information, compare problems with those of other organizations of the system and, in some cases, to draw inspiration from the solutions which some of them had devised.

88. The examples she had just given of the steps which had been taken clearly showed that the Office's attitude towards the difficulties it was facing was far from defeatist or fatalistic. None the less, she expected that there might be other questions about the efficiency and productivity of the Office of Conference Services. For the moment, she would confine herself to a general description of the current situation.

89. In four years, the number of meetings serviced by OCS staff annually had risen from 3,700 to more than 4,000, or an increase of 9 per cent. A comparison between the first six months of 1992 and the corresponding period in 1988 was even more revealing: there had been an increase of 16 per cent in the number of meetings receiving interpretation services, and a jump of 30 per cent in the total number of meetings, with or without interpretation. The number of interpreter assignments required to cover these meetings had likewise risen from 28,500 in 1988 to 30,250 in 1991. The annual number of meetings receiving summary record coverage had increased from 430 to 490 during the same period; lastly, the number of hours by which meetings had been extended had increased from 930 in 1987 to 980 in 1991.

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90. On the documentation front, the workload of the translation services had risen from 86.7 million words in 1988 to 95.4 million words in 1991, or an increase of 10 per cent, and preliminary figures for the first quarter of 1992 indicated an increase of 9 per cent in the workload as compared with the same period in 1991. The output of the word-processing units had risen from 163 million words to 186.5 million words between 1988 and 1991. The number of documents printed in the reproduction shops had risen during the same period from 37,700 (676 million page impressions) to 42,300 (approximately 737 million page impressions), or, once again, a 9 per cent increase.

91. During that same period, the staffing table of the Office of Conference Services had not remained the same. The staffing cuts of 1988-1989 had reduced the number of staff by more than 10 per cent, and, just a few months earlier, 28 Professional posts had been frozen with the intention of redeploying them elsewhere. Obviously, only an increase in productivity had enabled the Office, with fewer staff, to cope with an ever-growing workload. In some areas, those productivity gains were made possible by the adoption of technological innovations that had resulted in more effective working methods. In other areas, it had not been possible to improve working methods through technological innovations, either because the resources were unavailable, or because the tasks involved did not lend themselves to the application of such innovations, and the productivity gains had been achieved through more rigorous management of production flows. Most of the increased productivity, however, was attributable primarily to the dedication of the staff, who had made determined efforts to cope with increasingly difficult conditions.

92. The progress which had been made was, of course, a source of legitimate pride for OCS, but she would be remiss if she left the impression that it could continue to meet the difficult challenge to which she had referred earlier if the two contradictory trends which she had just described continued - on the one hand, the constant - and apparently accelerating - expansion in the volume of documentation and the number of meetings, and, on the other hand, the reduction in the number of staff. For example, delegations had deplored the growing delays in the simultaneous issuance of summary records in the six official languages. The reason for the delays was that, when faced with decisions on the allocation of its limited capacity, OCS must give priority to the processing of in-session documentation and pre-session documents that had been submitted late. At the current session, it would no doubt continue to produce summary records of the meetings of the Assembly's Main Committees in the languages in which they were drafted, but it would not have the necessary capacity to translate them for simultaneous issuance in all official languages during the session. In addition, it was already anticipated that it would not be able to process all the documentation required for the sessions of bodies scheduled to meet in the first few months of 1993.

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93. Since she had resolved to be realistic and frank, she must clearly describe the limits of the Office's margin for manoeuvre in the face of a workload over which it had no control. Each time it serviced a meeting, each time it processed a page of documentation, it was merely carrying out the assignment given to it by Member States. Once again, she hoped that the examples she had given of the constructive initiatives that had been taken clearly showed that that view was in no way indicative of a defeatist attitude. The Secretary-General himself had recognized that the number of documents requested of the Secretariat is greater than what it could produce in a timely manner, while striving to ensure high quality.

94. In illustrating the growth of the Office's workloads, she had used figures from a number of different conference-servicing activities. She did not wish to leave the mistaken impression that the Office performed a variety of independent and unconnected functions. Conference servicing was a complex and integrated operation in which the effectiveness of each component depended on the support of the others, and central planning and coordination played an essential role. Likewise, conference-servicing establishments in different duty stations did not function in isolation from each other. She also emphasized that the operation at Headquarters was part and parcel of a wider whole that encompassed conference services in Geneva, New York and Vienna. Furthermore, the provision of high quality services, in the most cost-effective manner, required constant interaction and consultation with Member States and substantive secretariats.

95. There was a tendency of late to think that, because the Organization had become more action-oriented than ever before, it was de-emphasizing its role as a catalyst of international cooperation. The experience of OCS tended to prove that the reality was otherwise. There was also a tendency to criticize the Secretariat as a huge bureaucracy that was indifferent to the historic upheavals that had redefined the role of the United Nations. It therefore bore repeating that there was nothing which the Office of Conference Services did that was not dictated by the mandate entrusted to it by Member States. The Office had always made it a point of honour to rise to the demands of the essential mission it had been given, no matter how difficult the conditions it faced. She feared, however, that the flexibility for manoeuvre which she had referred to had been exhausted, and the Office now counted more than ever before on Member States, especially the Fifth Committee, guided by the painstaking work done by the Committee on Conferences, to provide it with the means it needed to meet the difficult challenges which lay ahead.

The meeting rose at 1.30 p.m.

UNITED NATIONS

General Assembly

FORTY-SEVENTH SESSION

Official Records

FIFTH COMMITTEE
5th meeting
held on
Wednesday, 14 October 1992
at 10 a.m.
New York

SUMMARY RECORD OF THE 5th MEETING

Chairman: Mr. ZAHID (Morocco)
(Vice-Chairman)

later: Mr. DINU (Romania)
(Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 110: PATTERN OF CONFERENCES (continued)

AGENDA ITEM 102: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS

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In the absence of Mr. Dinu (Romania), Mr. Zahid (Morocco), Vice-Chairman, took the Chair.

The meeting was called to order at 10.20 a.m.

AGENDA ITEM 106: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued) (A/47/484, A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 107: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued) (A/47/484, A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 124: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued) (A/47/484, A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

1. Mr. BIVERO (Venezuela) said that the changes in the international situation had presented the United Nations with new challenges and new opportunities. At a time when expectations and demands had both reached new heights, the increase in outstanding contributions was alarming. A financial situation marked by perennial deficits, inadequate reserves and constant uncertainty about the immediate future could not be allowed to continue. It not only risked damaging the Organization's credibility but threatened its capacity to function and hampering the effectiveness of the peace-keeping operations to which it owed much of its new prestige.

2. His delegation agreed with the Secretary-General that the persistent financial difficulties of the United Nations were intrinsically unacceptable as they stemmed from the neglect by a number of Member States of their legal obligations towards the Organization and were becoming politically incongruous and increasingly damaging to the implementation of mandated programmes.

3. It was paradoxical as well as regrettable that time and money should have to be spent on seeking solutions to problems created by Member States which were, at the same time, calling for greater efficiency and rationalization of the management of the Organization's resources and activities.

4. The proposal to charge interest on overdue contributions had some merit. It could perhaps be applied only to past and not current years. Regarding the 30-day time-limit, it should be remembered that national budgetary practices needed to be taken into account, particularly in respect of contributions to peace-keeping operations which could not be foreseen. On the other hand, authorizing the Secretary-General to borrow commercially would merely penalize the good payers further.

5. The proposals to increase the Working Capital Fund and to establish a Peace-keeping Reserve Fund were not a real solution to the current financial difficulties. Unless all Member States fulfilled their obligations, increasing reserves would only place an additional burden on the countries

(Mr. Bivero, Venezuela)

which paid on time. The problem lay in the way the reserves were financed, rather than the amount. His delegation was nevertheless prepared to consider the proposed measures, provided the distinction between the respective financial mechanisms was maintained, the principle of separate scales of assessment was guaranteed, and the principle of the collective responsibility of Member States to finance the Organization without condition as to specific programmes or activities was respected. It was willing, in particular, to consider the establishment of a Peace-keeping Reserve Fund, while bearing in mind the difficulty of forecasting the magnitude and diversity of actual operations. The arrangement whereby the General Assembly would appropriate one third of the estimated cost of each new operation as soon as the Security Council established it should be considered together with the Reserve Fund proposal.

6. The idea of establishing a Peace Endowment Fund had merit, although it also had implications for the nature of the Organization, its mission and the obligations of Member States. Venezuela believed that no budgetary initiative could, or should, alter the responsibility of Member States to bear the expenses of the Organization.

7. Although it could, in certain cases, be important for the Secretary-General to be able to use his authority to award contracts without competitive bidding, it should be done only in exceptional and previously defined circumstances.

8. On the plan for financing peace-keeping operations, his delegation reiterated the position stated by the Rio Group during the consideration of the Secretary-General's report entitled "An agenda for peace" (A/47/277-S/24111) in the plenary Assembly: such financing was a collective but differentiated responsibility. The permanent members of the Security Council had a special responsibility. The special scale used to determine assessments for peace-keeping operations should be institutionalized, thus giving the existing system stability and predictability.

9. Mrs. CHANDRAPRABHA (Thailand) said that the Government of Thailand supported the Secretary-General's efforts to remedy the United Nations financial problems through both short- and long-term measures. Accordingly, her delegation agreed, in principle, with the proposal to charge interest on late payments of contributions, since the root cause of the Organization's problems was the failure by Member States to pay their assessed contributions on time. However, because procedures for budget approval differed from country to country, the time-limit of 60 days was not realistic and required further study.

10. Her delegation attached great importance to the Working Capital Fund. Because of the cash shortages which arose pending the receipt of contributions, the Fund should be increased to a level that would provide sufficient liquidity to enable the Secretary-General to advance payment in cases of emergency.

(Mrs. Chandraprabha, Thailand)

11. Her delegation was not convinced of the need to resort to commercial loans at the current stage. The suggested interest on late payments would not be sufficient to cover the interest on commercial loans. Moreover, if the United Nations were to borrow commercially, it might fall heavily into debt and the burden of interest payments would eventually be passed on to those Member States which had complied with their financial obligations. The proposal needed careful examination in all its aspects.

12. Given the expanding role of the Organization in humanitarian assistance, her delegation agreed that a complementary central funding mechanism was needed to ensure adequate resources for the initial phase of emergency action. It therefore endorsed the proposal in General Assembly resolution 46/182 to create an emergency revolving fund of the order of $50 million to be financed by voluntary contributions. With such a fund, the Organization would be better prepared to respond rapidly to an international emergency.

13. While the demand for United Nations peace-keeping operations continued to increase, the basic financial problems connected with such operations remained unsolved. Monthly expenditures for all peace-keeping operations amounted to approximately $220 million but unpaid contributions to those operations amounted to well over $600 million. Her delegation therefore supported the proposal to establish a temporary Peace-keeping Reserve Fund of $50 million to meet initial expenses of peace-keeping operations pending receipt of assessed contributions. It also supported the proposal for a Peace Endowment Fund, made up of a combination of assessed and voluntary contributions, the latter being sought not only from Governments but also from the private sector and individuals, in order to create a sound and stable financial basis for future operations. It would not be the first time that the private sector had helped to support the work of the United Nations.

14. Major financial reforms along the lines suggested were needed immediately. They would go far to relieve the Organization of its crippling financial constraints and allow it to carry out the task assigned to it. No reorganization or reform of the United Nations would work unless its financing was rationalized. The decision to form an international advisory group to study the financial problems in depth and propose specific reforms was timely. However, the most important factor in solving the financial crisis remained the political will of all Member States to honour the financial obligations deriving from resolutions which all Member States had adopted. Her country shared the common desire to achieve world peace and stability and would continue to provide its financial support for that purposes.

15. Mr. SIAKALENGE (Zambia) said that Zambia was deeply concerned about the United Nations critical financial situation and strongly believed that Member States should give the Organization both political and financial support by paying their outstanding and current assessed contributions on time. At the same time, his delegation was aware that both developed and developing countries were experiencing financial problems, due mainly to the slow-down in

(Mr. Siakalenge, Zambia)

the world economy. Clearly, Governments were in much the same financial bind as the Organization. Recession was hurting their revenues and often increasing their spending obligations, their public debt was already large, and tax increases would be politically difficult to implement. Notwithstanding such constraints and considerations, however, his delegation continued to believe that it was the solemn responsibility of all Member States to honour their financial obligations promptly and in full. The capacity of the Organization to carry out its expanded responsibilities depended on the fulfilment of those obligations.

16. Despite its financial difficulties, Zambia had taken steps to settle its outstanding assessed contributions to the regular budget of the United Nations and to peace-keeping operations. Since the end of July 1992, Zambia had significantly reduced its arrears and it intended to be current by the end of the year. It was mindful of the increased role of the United Nations in various fields, including the promotion of economic and social development, and was acutely aware that the maintenance of peace and security was a costly but necessary expenditure in a world that continued to be unstable and uncertain.

17. The Secretary-General's report on the work of the Organization (A/47/1) highlighted the sudden increase in the number of peace-keeping operations. It was doubly unfortunate that, at a time when United Nations activities had increased significantly both in quantity and importance, the availability of both regular and extrabudgetary resources had rapidly declined. His delegation was concerned also about the rate at which the Working Capital Fund had been declining over the years as a percentage of annual assessed contributions. It had noted with interest the measures suggested by the Secretary-General in that connection.

18. His delegation was committed to exploring ways and means of improving the Organization's finances and was ready to discuss any proposals by the Secretary-General or Member States for improving the financial position, including the appropriate level of the Working Capital Fund and changes in the financial regulations to reflect changing times.

19. Member States must work, individually and collectively, to mobilize the necessary political and financial support in order to avert any further serious damage to the United Nations financial position. However, it would be difficult to solve the United Nations financial crisis as long as well over one third of Member States continued to have serious difficulties in servicing their many other international obligations. In particular, much remained to be done for the poorest developing countries, some of which were heavily indebted. It would be highly unfortunate if United Nations programmes and activities were to be delayed, or discontinued altogether, on purely financial grounds, with no account being taken of their original purpose.

20. Mr. SARDENBERG (Brazil) said that the volume of outstanding contributions to the regular budget and peace-keeping operations explained most of the United Nations current financial problems. Unfortunately, despite its best attempts to pay in full and on time, Brazil was still one of the many Member States in arrears. It had not withheld a penny for political reasons, however, and its long-standing commitment to the Organization had not abated. Economic adjustment in Brazil had brought noticeable constraints. Negative net financial transfers between 1982 and 1990 and increasing protectionism in external markets had taken their toll on the national economy. According to the data in the report of the Committee on Contributions (A/47/11), Brazil had the fifty-third largest per capita income among Member States . Nevertheless, it was the tenth largest contributor to the regular budget because the methodology for assessment grossly overweighted the size of its economy. In the last decade, its GDP had been consistently lower than the world average. Nevertheless, Brazil expected to pay off its current arrears shortly, and hoped soon to be able to resume its voluntary contributions to the many activities of the Organization that depended upon extrabudgetary resources.

21. There was more to the United Nations financial crisis, however, than a failure by Member States to pay their contributions in full and on time. The number of peace-keeping operations, the dimensions and timing of which were beyond the control of the Organization, had strained to the limit the financial capacity of Member States to join in the common cause. Cash-flow shortages placed an increasing demand on the peace-keeping operations accounts as well as on the regular budget. There was a persistent need for a more equitable sharing of expenses among Member States. There was also considerable room for improvement in the efficiency and effectiveness of the functioning of the United Nations. Many of the ideas put forward by the Secretary-General needed more thorough assessment. The Committee was not confronted with a one-dimensional problem and it was unlikely that it would be able to deal with its manifold interconnected aspects by an early date.

22. He noted that under the proposal to charge interest on the amount of assessed contributions in arrears, interest was to become due within 30 days. National budgets frequently followed fairly rigid timetables. It was also extremely difficult to anticipate the full cost of peace-keeping operations. It was therefore neither reasonable nor fair to charge interest on arrears, or to do it indirectly by giving Member States a discount for prompt payment. Regarding the proposal to retain budget surpluses, he said that Member States had reluctantly accepted the practice in the past as a way out of the liquidity crisis. However, institutionalization of such a practice would distort the whole programme-budget exercise. Regarding the proposal to increase the level of the Working Capital Fund, he noted that the Advisory Committee had already advised against it in 1990. On the proposal to establish a $50 million peace-keeping reserve fund, more information was needed. Regarding authorization for commercial borrowing by the Secretary-General, he endorsed the Advisory Committee's opinion that borrowing in the commercial market would not be prudent. With regard to the Secretary-General's proposal to establish a United Nations Peace Endowment

(Mr. Sardenberg, Brazil)

Fund, his delegation questioned the wisdom of combining governmental and non-governmental, public and private, financial support for operations relating to the maintenance of international peace and security. The other ideas mentioned by the Secretary-General in his report "An agenda for peace" needed further refinement before the Committee could reasonably begin to discuss them.

23. The Secretary-General's most recent report on the financial situation of the United Nations (A/C.5/47/13) contained three additional proposals. On the proposal to authorize the Secretary-General to employ his authority to award contracts without competitive bidding, his delegation fully understood that exceptional political and operational considerations could make it necessary for the Secretary-General to resort to that authority. On the other hand, some of the findings and comments in the report of the Board of Auditors (A/47/5) were cause for concern. According to the report, in the biennium 1990-1991, only 17 per cent of purchase orders issued had been awarded through the bidding process. On the proposal that one third of the estimated cost of each new peace-keeping operation should be appropriated by the General Assembly as soon as the Security Council decided to establish it, his delegation believed it would be worthwhile studying ways and means of enabling the General Assembly to approve an initial amount before the corresponding budget was finalized and submitted to the Advisory Committee. It could support a proposal on those lines as a means of coping with the United Nations financial problems on a provisional basis, but it could not support it as a regular practice.

24. Mr. KABIR (Bangladesh) said that the new opportunities for world peace, security and development had placed the United Nations at centre stage of world affairs and reconfirmed its importance as the fundamental entity within the international community. New and unprecedented responsibilities had been added to the Organization's already broad mission, particularly in the area of peace-keeping operations. However, those additional responsibilities had not been matched by a commensurate financial commitment. A total of $1.47 billion in regular budget and peace-keeping assessments was outstanding.

25. Clearly, no organization could operate smoothly, much less fulfil its responsibilities, in such a critical financial situation. Over the past six years the Secretary-General had repeatedly brought the fact that the United Nations was on the verge of bankruptcy to the notice of the Member States. The political, substantive and managerial impact of the situation was clear to all. The goals of the Charter would remain elusive as long as the Organization was undermined by the financial crisis. His delegation fully shared the frustration of the Secretary-General, who had regretted that at a time when the world community had entrusted new responsibilities to the United Nations, the Organization continued to find itself on the brink of insolvency.

26. The failure of Member States to pay assessed contributions in full and on time had caused that unhappy situation. His Government had, for its part,

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paid its contribution in full. The critical financial situation had forced the Organization to call upon the cash reserves for peace-keeping operations, and when they had been exhausted, to borrow from other funds which had cash in excess of their immediate requirements. Despite the Secretary-General's warnings, the pattern of payment of assessed contributions continued to deteriorate. Stopgap measures were no longer feasible. The only viable and permanent solution was the full and timely payment of contributions to both the regular budget and peace-keeping operations. The growth of peace-keeping operations meant that peace-keeping assessments now exceeded assessments under the regular budget, and the fact that some $640 million in peace-keeping assessments remained outstanding meant that some operations could not meet their obligations, necessitating borrowing from other operations. Moreover, an amount of $200 million was owed to troop-contributing countries. The result was that the Organization's ability to mount future peace-keeping operations might well be impaired. The situation must be rectified as a matter of urgency.

27. With regard to the Secretary-General's proposals, the charging of interest on late contributions was unlikely to be effective unless an effort was made to address the reasons given by Member States for late payment. Given the enormous amounts of assessments outstanding, charging interest might result in an increase in income on paper only, since the question would arise of the willingness of Member States to pay the interest charged. In addition, countries' differing budget cycles caused delays in payments to the Organization. In that connection the 60-day period proposed by the Secretary-General was inadequate.

28. The suspension of financial regulations 4.3, 4.4 and 5.2 to permit the retention of budget surpluses, would provide only a temporary solution, and it was not fair to fail to return surpluses due to Member States. Further, the proposal to increase the Working Capital Fund should not be seen as a solution to the Organization's current difficulties, and the total amount of assessments outstanding should not determine the level of the Fund. The Fund was a mechanism for ensuring an adequate cash flow, and could work properly only if Member States honoured their financial commitments.

29. Concerning the suggestion that the Organization should borrow commercially, it was not prudent to borrow on the open market to compensate for non-payment of assessed contributions. Commercial borrowing would unnecessarily expose the Organization to further financial strain, unless the Organization had resolved the issue of outstanding contributions and was already sound financially.

30. His delegation welcomed the proposal for the establishment of a Peace-keeping Reserve Fund, which could be created by transferring residual fund balances from UNTAG and UNIIMOG, once the interests of those Member States which had fulfilled their financial obligations to the Organization had been taken into account. The proposal to establish a Peace Endowment Fund at

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a level of $1 billion, though laudable, appeared to be over-ambitious. He questioned whether Member States would make contributions to such a fund when they were not paying their assessed contributions anyway.

31. His delegation was extremely concerned at the Organization's financial situation and its impact on world peace, security and development. No organization could function properly, much less effectively, in the midst of enormous financial uncertainty. While the Secretary-General's proposals represented movement towards a long-term solution, they did not adequately address the immediate problem. The key lay in the political willingness of Member States. A constructive solution must be found.

32. Mr. HOHENFELLNER (Austria) said that the financial situation of the United Nations had been a serious problem in recent years, and efforts to redress it, such as the introduction of a new decision-making process and enhanced budgetary discipline, had not led to a solution. On the contrary, the percentage of the current year's regular budget assessed contributions received was the lowest since 1985. The situation was essentially due to a failure on the part of some major contributors to make payments.

33. The constant burdening of the Organization with more activities, while there was a stagnating budget already placed the United Nations in a difficult situation. In such a context non-payment by some Member States was unacceptable. It was unfair to those States that did pay. In addition, non-payment of peace-keeping assessments placed an additional burden on troop-contributing countries. The situation threatened to erode the readiness of such countries to support payments to the Organization while at the same time being owed reimbursements in respect of troop contributions.

34. His delegation strongly appealed to all Member States in arrears to fulfil their obligations under the Charter as soon as possible. Immediate compliance by Member States would solve the financial crisis.

35. His Government strongly supported the United Nations and its goals, and Austria was particularly proud to be one of the host countries of the United Nations system. Austria was one of the 18 Member States that had met all their financial obligations, and it would continue to do so.

36. A viable long-term solution must be found. The new budgetary process introduced pursuant to General Assembly resolution 41/213 had not produced the expected results, and adopting budgetary decisions by consensus had not increased the willingness of some Member States to pay their share of the expenses they had agreed to.

37. His delegation supported the proposals to charge interest on unpaid contributions, increase the Working Capital Fund, and establish a revolving Peace-keeping Reserve Fund. While implementation of those proposals would mitigate the current crisis, a durable solution could be found only through strict compliance with Article 17 of the Charter and financial regulation 5.4.

AGENDA ITEM 110: PATTERN OF CONFERENCES (continued) (A/47/7/Add.1, A/47/32, A/47/287 and A/47/336; A/C.5/47/1)

38. Mr. SENA CARDOSO (Brazil) said that in considering indicators such as benchmark figures for the utilization of conference services, or the notional per hour cost of meeting time, delegations should bear in mind that while means were finite, cost-saving measures had to be seen in a broader context. Such figures were indicative only and could not be seen as absolute values which should serve as automatic triggers for the use of conference services. Nevertheless they could prove to be helpful indicators for the work of the Committee on Conferences, as could the indices for assessing the availability of pre-session documentation.

39. His delegation deplored the persistent late issuance of pre-session documentation - a key factor in the utilization of conference services. A serious attempt to redress the question of late issuance was needed. Improved control over the documents preparation process, from drafting to physical distribution, should be given priority attention. He fully supported the view of the Committee for Programme and Coordination regarding application of the six-week rule. CPC had stated its willingness to refuse to consider agenda items for which pre-session documentation was presented after the beginning of the session.

40. His delegation endorsed the recommendation on the revision of programme 39 of the medium-term plan, and agreed that subsidiary bodies should seek the technical advice of the Office of Conference Services in order to improve the utilization of conference-servicing resources. In that connection he trusted that UNICEF and UNDP would continue to evaluate their meetings and documentation requirements. Lastly, his delegation agreed that there was a need for more information regarding trends in meetings and documentation requirements and related workload statistics in order to ensure the cost-effective management of meetings and documentation resources.

41. Mrs. CLIFF (United Kingdom), speaking on behalf of the 12 States members of the European Community, said that they appreciated the efforts of the Committee on Conferences, especially in view of the growing demands on the Organization, which made improving the use of conference-servicing resources even more important. Unfortunately, the Committee's recommendations remained timid, non-specific and, for the most part, unchanged from previous years. As they had suggested during the forty-sixth session, the Twelve believed that the Committee should be given greater standard-setting powers with an eye to implementing recommendations 1, 2 and 3 of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Fianancial Functioning of the United Nations.

42. Paragraph 28 of resolution 46/190 had taken a step in that direction by calling upon the Committee on Conferences to explore more effective ways of implementing its current terms of reference and the relevant recommendations of the Group. Regrettably, the Committee's report (A/47/32) gave no

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indication of its having acted on either that or a number of other requests contained in the resolution, including one to consider alternative scheduling arrangements for the substantive session of the Economic and Social Council (para. 3) and another to review the possibility of raising the utilization benchmark figure to 85 per cent (para. 15), as the Twelve had proposed during that session. They would be grateful for an explanation.

43. The Twelve reiterated their opinion that the Secretariat should be called upon to produce qualitative indicators of the use made of conference time for the purpose of nuancing the utilization factor, and that the power of the Committee on Conferences should be reinforced in that regard. Given the high cost of conference servicing and the increasing demands on the Organization, they continued to believe that the duration and frequency of conferences and meetings of bodies that had a consistently low utilization factor should be reduced. Turning to the Committee's recommendation that the Secretariat should develop a notional cost per hour of meeting, they suggested that it and the relevant General Assembly resolutions and guidelines should be brought to the attention of members of United Nations organs at the end of the first meeting of their sessions, when more delegates would be present, rather than at the beginning. They would also like to know how the notional cost per hour would differ from the full-cost estimates already presented in statements of programme budget implications. With respect to the request for the Secretariat to ensure that future reports on trends in meeting and documentation requirements and related workload statistics were presented in a more consistent and comparable manner, they strongly urged that any analysis should include detailed reference to areas where reductions had occurred, rather than just indicating growth.

44. There had been no progress in limiting the number of exceptions to the rule that no subsidiary organ of the General Assembly might meet at Headquarters during a regular session of the Assembly, despite the specific request contained in resolution 46/190. As they had remarked before, the Committee's tendency to agree to any request, whether for an exception to a rule, an extension of a meeting or additional conference-servicing resources, seriously undermined its credibility and reinforced the urgent need for a review of its terms of reference.

45. The Twelve were disappointed that the introduction of new technology had not improved productivity and reduced costs in the area of documentation. It supported the recommendation to draw the rules relating to the control and limitation of documentation to the attention of all organs at the start of their sessions and thought that those rules should also be applied to the Secretariat, since it produced most of the Organization's reports. In that connection, it would like to know the cost of a page of documentation, which should also be drawn to the attention of those organs and the Secretariat.

46. With respect to the provision of written meeting records to subsidiary organs of the General Assembly, the Twelve supported the recommendations of

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the Committee in paragraphs 66 and 67 of its report and looked forward to receiving information on the estimated savings from the Secretariat before the end of the session. However, an attempt should have been made to review the entitlement to summary records of the seven remaining subsidiary bodies exempted under resolution 37/14 C. There could be no case for providing summary records to bodies that continued to submit voluminous reports containing summaries of their discussions.

47. They drew attention to the conclusions of the Committee for Programme and Coordination (CPC) regarding the problems it had faced at its recent resumed session, as well as to its stated readiness to refuse to consider agenda items for which pre-sessional documents were presented after the beginning of a session. Other committees might consider adopting the same approach. It should be emphasized that the late submission of documents was often the fault of the substantive departments and of the planning and clearance process.

48. The Twelve reiterated their belief in the urgency of eliminating publications that were no longer useful, were being duplicated or had minimal impact on the intended users. Urgent consideration should also be given to the continuing need for glossy editions of certain publications. Considerable savings could also be achieved by taking immediate action to review and prune Organization's mailing lists, which were probably seriously out of date.

49. With regard to the report of the Secretary-General on the review of the Office of Conference Services (OCS) (A/47/336), the Twelve agreed with the Committee that, while it presented a good overview of the Office's problems, it was overly timid and lacked detail. Neither the cost-benefit aspects of implementing new technologies nor the Secretary-General's financial recommendations had been adequately addressed in the report. The report also failed to provide data on staff levels and productivity per unit and over time. Despite the specific reference in paragraph 26 of resolution 46/190 to the Management Advisory Service's involvement in the review, the report did not appear to reflect any input from that Service. They would be grateful if those statistics and an explanation of the latter shortcoming could be provided in the Secretariat's response to the Fifth Committee.

50. The Twelve fully endorsed the comments and observations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in its related report (A/47/7/Add.1). They would expect the review of OCS to continue. The Secretary-General should be asked to submit to the General Assembly at its forty-eighth session a document containing innovative proposals, sufficient statistics and the results of applying cost-benefit analyses and workload standards. In that connection, the note by the Secretary-General on the status of documentation of the Fifth Committee (A/C.5/47/L.1) did not mention the report on the elaboration of unified workload standards for conference-servicing staff, requested for submission to the General Assembly at its forty-seventh session in resolution 45/248 A. The Twelve were curious to know when the Fifth Committee would receive that document.

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51. In view of the decision by the Committee on Conferences to move its substantive meeting from August to March or early April, they would appreciate confirmation that the change would not adversely affect the scheduling of other meetings during the busy spring season. With respect to the Committee's recommendation on the installation of signalling equipment whenever a speech time-limit was established (A/47/287), it deserved further consideration with a view to taking a decision during the current session. Finally, while the Twelve were grateful to the Secretariat for its publication of a consolidated statement of scheduled special conferences for 1993 (A/C.5/47/1) in accordance with resolution 46/190, they believed that it would be more useful if it were to be prepared and submitted towards the end of the regular session of the Fifth Committee, rather than at the beginning.

52. Mr. LAHDEVIRTA (Finland), speaking on behalf of the Nordic countries, said that, given the financial situation of the Organization, excessive resources allocated to conference servicing meant fewer resources for programme implementation. In the current international environment, the meeting frequency and servicing requirements of the different bodies needed to be kept under constant review in order to reflect the many changes. For that reason, they supported the recommendations made by the Committee on Conferences for the continued review of the Office of Conference Services, in accordance with resolution 46/190.

53. They welcomed the trend towards better utilization of conferences services and thought that, in the light of the improvements achieved, the utilization target level might be raised from 75 to 85 per cent. With respect to the organs for which the utilization factor was consistently lower than the current benchmark, they hoped that the consultations which the Committee on Conferences had asked its Chairman to undertake with the chairmen of those organs would help to pinpoint the problems and determine their actual conference-servicing requirements. In the opinion of the Nordic countries, utilization factors could be further increased by improving the planning of informal consultations, limiting the time allowed to each speaker in all organs and at all meetings and starting meetings on time, whether or not all delegations were present. They supported the Committee's decision to request the Secretariat to develop a notional cost per hour of meeting time as a means of impressing the consequences of inefficiency on the different organs.

54. The Nordic countries agreed with the Committee that future reports on trends in conference-servicing requirements should be presented in a more consistent and comparable manner and should include a sector-by-sector analysis. In order to get a more comprehensive picture, they would also like the statistics of the other duty stations to be taken into account.

55. In order to cut costs, it was essential to avoid peaks and valleys in the conference calendar and to try to ensure that periods of low activity at one duty station were balanced by periods of high activity at the others. Overlaps in the meetings of the larger organs should be avoided. A

(Mr. Lahdevirta, Finland)

computer-based system for scheduling interpreters' assignments and exchanging permanent staff between duty stations would help to minimize the need for freelance interpreters. It should be made clear that responsibility for notifying the Office of Conference Services of cancellations lay with the bureau of each organ.

56. Turning to the question of documentation, he said that, while the implementation of technological innovations had increased the Secretariat's production capabilities, rather than producing the same number of documents more quickly, it was now producing more documents. All attempts to limit the number and pages of documents were welcome, and more attention should be given to the fundamental skill of concise drafting. Furthermore, the Member States must act responsibly by limiting the circulation of their communications as United Nations documents. It was also necessary to reduce the number of bodies receiving summary records to a minimum, which was why the Nordic countries supported the Committee's intention to assess the validity of the guidelines on the provision of written meeting records at its 1993 substantive session.

57. Compliance with the six-week rule for the issuance of pre-session documentation was essential, and they urged the Secretariat to consider concrete measures to improve its observance. While they understood that the exceptionally late submission of documents for the current session of the General Assembly was due in part to the ongoing restructuring of the Secretariat, they expected that situation to be corrected before the forty-seventh session.

58. Mr. YAHIA (Malaysia) said that his delegation supported the Committee's recommendation that the General Assembly should adopt the draft revised calendar of conferences and meetings for 1993 as submitted. It shared the views of the Committee on the need to reschedule the sessions mentioned in paragraphs 15 and 16 of its report (A/47/32) in order to prevent overlapping and to achieve a more even distribution of meetings throughout the year. Doing so would not only ensure the wider participation of Member States but would also improve the utilization of resources. In that regard, it fully supported the proposal to allow the Committee to make any adjustments necessitated by actions and decisions taken by the General Assembly at its current session.

59. His delegation concurred with most of the Committee's recommendations for improving the use of conference-servicing resources, in particular with the need to continue to urge all United Nations organs to utilize the conference services allocated to them in the most efficient and effective manner. With respect to the proposal to install time-limit signalling systems at Headquarters locations (A/47/287), it believed that such systems would be both useful and feasible. It concurred with the Secretary-General's opinion that the portable system would be more suitable in view of its much lower cost, but it thought that a cost-analysis should be made, with consideration being given

(Mr. Yahia, Malaysia)

to the possibility of renting or leasing such equipment. It also hoped that a more detailed costing reflecting the requirements of all the regional commissions would be made available.

60. While his delegation was pleased to read in the report of the Secretary-General (A/47/336) that the working methods of the Office of Conference Services had been found to be generally efficient and effective, it wished to stress the importance of close coordination and planning between conference services at New York, Geneva and Vienna and all the subsidiary bodies and organs of the United Nations. It agreed that planning could be improved through more systematic, mandatory consultations between conference services and substantive offices. In view of the high cost of cancelling meetings with interpretation services at short notice and the frequency of such cancellations, it also supported the Secretary-General's proposal that OCS should be given ample notice of any cancellations or changes in requirements.

AGENDA ITEM 102: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (A/47/5, vols. I, II and III, and Add.1-8, A/47/315, A/47/460, A/47/500 and A/47/510)

61. Mr. PREMPEH (Chairman of the Board of Auditors), introducing the reports of the Board of Auditors, said that, in addition to the reports on the United Nations organizations for which the Board had audit responsibility, it had also issued a report on the financial statements of the United Nations Joint Staff Pension Fund which would be incorporated in the report of the United Nations Joint Staff Pension Board.

62. As recommended by the General Assembly in paragraph 4 of resolution 46/183, the Board had continued its practice of providing separate sections summarizing its recommendations and indicating their relative priority. It had also submitted a concise document summarizing its principal findings, conclusions and recommendations of common interest, as requested in paragraph 11 of the same resolution. In response to the request made in paragraph 17 (a) of that resolution, the Board had included in the annexes to each report its comments on the implementation by administrations of previous audit recommendations. In compliance with paragraph 10 of the resolution, the Board had conducted a further review of the liquidity positions of the organizations and presented the information in a standardized format.

63. The Board welcomed the measures taken by the Administrative Committee on Coordination to adopt a set of common accounting standards across the United Nations system, and was encouraged by the moves within the United Nations itself to present a streamlined budget for 1994-1995. In order to highlight its observations and recommendations, the Board had continued to present its reports in two parts, covering financial statements and management issues respectively. During the biennium 1990-1991, the Board had conducted horizontal studies in selected areas, namely, expendable and non-expendable

(Mr. Prempeh)

property, internal audit and trust funds, in order to identify weaknesses common to many of the bodies audited which required timely action on an organization-wide basis.

64. Despite its efforts, the Board had found it difficult to limit the increasing size of its reports, mainly because of the tremendous growth in United Nations operations, including peace-keeping and special missions, and the increasing number of requests from the General Assembly for specific information. The expansion of peace-keeping operations and special missions had involved a corresponding increase in the commitment of financial and other resources and the Board had continued to take additional measures to ensure regular audit coverage of the relevant accounts. Its principal findings and recommendations on peace-keeping operations had been included in a separate section of the United Nations report.

65. The Board's Audit Operations Committee had maintained a continuing dialogue with the administrations and the internal audit services of the various organizations audited, in order to ensure adequate coordination of audit activities. It had also exchanged information with the Joint Inspection Unit and had met with ACABQ.

66. Turning to the main findings of the reports, he said that, with regard to accounts and financial reporting, further efforts were needed in the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA) to obtain timely audited statements of expenditure incurred by executing agencies and Governments. The proportion of expenditure for which no audit evidence had been received in due time was still too high to waive the qualification of the audit opinion.

67. On the question of budgetary control, he said that, in the performance budget of the United Nations, excess expenditure over final appropriations of a net amount of $11,971,200 was awaiting ex post facto approval by the General Assembly. In addition, allotments had been exceeded by expenditures for 21 of the 25 objects of expenditures, contrary to existing regulations, and closer monitoring was needed to keep expenditures within the allotments issued. In the United Nations Institute for Training and Research (UNITAR), expenditures in the General and Special Purpose Grants Fund had exceeded budget levels and needed to be kept within the levels approved, while advances to UNITAR from the General Fund for the past 10 years should be authorized by the General Assembly.

68. In many United Nations organizations, the Board had found that control over non-expendable property was inadequate. The standard excuse of staff shortages revealed the low priority accorded to control of non-expendable property by most organizations. In UNDP, for example, no physical verification had taken place since 1988 and basic information for efficient property management and economic use of resources was not available, while adequate accountability was not ensured in cases of loss or damage. Because

of lack of coordination among offices, no standard procedures existed for recording inventory holdings of peace-keeping property, and transfers of non-expendable property between field missions were not documented. To address the concern expressed by the General Assembly in paragraph 17 (c) of resolution 46/183, it was essential to ensure adequate control over non-expendable property, in order to guard against loss, damage and inappropriate use and make effective use of expensive assets.

69. The effectiveness of the internal audit service in many agencies was deficient for a number of reasons, including inadequate coverage of United Nations activities, the fact that internal auditors' independence was compromised by their involvement in operational duties, and the failure of senior management to respond to internal audit findings and recommendations. Because of organizational deficiencies, the coverage of the United Nations Internal Audit Division had been insufficient, especially for Geneva-based organizations. In addition, the participation of internal auditors in committees dealing with recruitment, promotion and grievances diminished their independence and created a potential conflict of interest. The audit coverage of UNDP and UNFPA activities by the Division for Audit and Management Review had been inadequate and the internal audit mandate needed to be revised to prove a proper legal basis. Audit and operational functions should be kept strictly separate in order to ensure auditors' independence. In the United Nations Children's Fund (UNICEF), adequate internal audit coverage had not been possible because of delays in filling vacant posts. Further problems were the failure to rectify weaknesses identified by internal auditors, the lack of opportunities for professional consultations, and inadequate supervision. Several units at the headquarters of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) had not been covered by internal audit for many years. The UNRWA Internal Audit Office should cover offices and departments at headquarters at regular intervals, and the Agency should avoid the use of internal auditors in line functions.

70. In the United Nations, budgetary control for general and technical cooperation and trust funds should be improved. The acceptance and utilization of contributions in kind by the United Nations Office of the Coordinator for Humanitarian and Economic Assistance Programmes relating to Afghanistan (UNOCA) should be based on the guidelines recently introduced. In UNDP, trust funds should be accepted only on a fully funded basis and should be modified or terminated in the event of a shortfall in funding.

71. In the award of procurement contracts, bidding had become the exception rather than the rule at the United Nations, with only 17 per cent of purchase orders awarded through competitive bidding during the biennium. The Board had stressed the need to rectify that long-standing situation, to adhere to financial rule 110.18 and to justify any departures from it. In peace-keeping operations and special missions, lack of coordination and inadequate monitoring procedures had led to delays in deliveries to field missions and effective coordination was needed to expedite the procurement process.

(Mr. Prempeh)

72. With regard to programme management, the payments of salary allowances and other cash incentives to government employees involved in the implementation of UNICEF-assisted programmes should be discontinued, pending the development of an appropriate policy for consistent application. In UNFPA, the ratio between operational and programme costs had increased steadily during the past four years and further deterioration should be avoided. In the International Trade Centre, objectives of technical cooperation projects were over-ambitious with regard to funds and time schedules. Projects should be based on multi-year funding commitments in order to improve project planning and implementation. At the United Nations Environment Programme, project implementation should be based on available and projected funding in order to reduce the incidence of project revisions caused by funding difficulties. The Office of the United Nations High Commissioner for Refugees should ensure strict adherence to its procurement and disbursement procedures and should take measures to recover project funds misappropriated from a field office.

73. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee (A/47/500), said that the Advisory Committee had sought to highlight the important areas of the Board's report without commenting on every observation and recommendation. It had also provided background information in order to place some of the Board's comments or recommendations in context.

74. On the question of the format and content of audit reports, the Advisory Committee had exchanged views with the Audit Operations Committee and, in that connection, he wished to draw the Committee's attention to the observations contained in paragraphs 6 and 7 of the report.

75. The Advisory Committee had welcomed and endorsed all the Board's recommendations regarding the internal audit function and believed that the various administrations should give priority to reorganizing and strengthening internal auditing, since it was a crucial element in the administration, management and control of all United Nations operations. Reorganization and professional strengthening should help rectify the many shortcomings revealed in previous and current audit reports concerning areas such as the management and control of salary and allowances, personnel administration, consultants, efficient programme implementation and the consistent application of rules governing disciplinary action.

76. The audit reports contained a number of recurring themes, including the question of the management of the United Nations allotment system. Once again, the Advisory Committee had recommended that the system should be thoroughly re-examined, with a view to establishing a system effective in monitoring expenditures in a way that should take fully into account the needs of programme implementation. Procurement practices in the United Nations were another recurring theme and the Board had revealed over the years that competitive bidding was the exception rather than the rule. In paragraph 39

of its report, the Advisory Committee had requested the Board to conduct a special audit of procurement of goods and services in the administrations under its audit jurisdiction, and it looked forward to receiving the Board's report on the subject.

77. In view of the growing magnitude of peace-keeping expenditure, the Advisory Committee believed that the time had come for the Board to consider reporting separately on the financial report and accounts of peace-keeping operations. The modalities should be worked out between the Board and the Secretariat, and the Advisory Committee should be provided with proposals on the subject as a matter of urgency. In that way, many of the concerns expressed by the Board could be addressed.

78. The operational relationship between the United Nations and other audited programmes on the one hand, and executing agencies, Governments and implementing partners, on the other, had been given frequent emphasis by the Board in previous years, particularly as regards efficiency and the accountability of specialized agencies, Governments and non-governmental organizations acting as executing agents. The Advisory Committee had endorsed the Board's recommendations on the subject and had also agreed with the Board that policy guidelines were needed for the payment of salaries and other benefits to employees of operating partners, including both government officials and others.

79. As always, the Board had cited cases of fraud, presumptive fraud and mismanagement in its reports and it was a matter of concern that the existing rules for dealing with such matters did not seem to be applied in a consistent matter. The administrations concerned should review the matter carefully. In paragraph 53 of its report, the Advisory Committee had suggested a fresh approach to cases of fraud and embezzlement involving individuals who had left the jurisdiction of the United Nations, with the aim of encouraging debate on the matter in the administrations concerned and among Member States. All Member States were affected by such cases and should be interested in assisting in the recovery of funds and the prosecution of those involved.

The meeting rose at 12.40 p.m.

UNITED NATIONS

General Assembly

FORTY-SEVENTH SESSION

Official Records

FIFTH COMMITTEE
6th meeting
held on
Thursday, 15 October 1992
at 10 a.m.
New York

SUMMARY RECORD OF THE 6th MEETING

Chairman: Mr. DINU (Romania)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.35 a.m.

AGENDA ITEM 106: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued) (A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 107: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued) (A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 124: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued) (A/47/484)

1. Mrs. FRECHETTE (Canada), speaking also on behalf of Australia and New Zealand, said that she agreed with the remarks made at the 4th meeting by the representative of Norway on behalf of the Nordic countries that the non-payment of contributions by many Member States placed an unjust burden on those Member States which did meet their financial obligations. It was important to maintain the confidence of Member States in the Organization.

2. The three points emphasized by Canada, Australia and New Zealand the previous year, when the Secretary-General had introduced the proposals now before the Committee, remained valid. First, Member States must pay their assessments in full and on time. Second, they must be prepared to give the Secretariat the resources it needed to play the very active role being demanded of it in all areas of its responsibility under the Charter. Third, the Secretariat must develop a culture of economy and efficiency.

3. With regard to the first point, Member States would continue to be tempted to delay payments until they were made to realize that the uncertain payment pattern harmed the entire Organization and until those Member States which failed to pay on time were asked to bear the costs. Many of the delegations that had taken part in the working group which had examined the issue of incentives during the summer had expressed their readiness to agree to the introduction of a penalty or inducement system of the kind already used by a number of specialized agencies. It should be possible to adapt such a scheme to the regular budget and she urged the Committee to continue work on the subject. Moreover, a mid-year budget cycle might improve cash-flow predictability and she would welcome a report from the Secretariat on that possibility.

4. It was shocking that to date only about one third of Member States had fully paid their regular budget assessment, while only 18 countries, including Canada, Australia and New Zealand and several developing and least developed countries, had met all their regular budget and peace-keeping obligations. If those countries could pay their contributions in full, surely the rest of the membership could do likewise. She agreed with the representative of Norway that domestic pressures were mounting on those countries which did pay on time to delay their payments. The vicious circle could be broken only when all Member States acknowledged their collective responsibility to ensure a sound financial base by keeping their payment of assessments up to date.

(Mrs. Frechette, Canada)

5. As for the second point, Member States were willing to assign new challenges, such as the environment, to the United Nations and had shown their readiness to reorient policy priorities. The Secretariat must be given the resources to carry through those programmes; Canada, Australia and New Zealand were ready to provide their share.

6. Most Member States were under severe financial pressure because of low levels of domestic economic growth; if, however, they wanted the Organization to continue to respond to the demands made on it at a time of zero real growth in funding, they must allow resources to be used dynamically and not continue to freeze programmes in time. Furthermore, they must not insist on adherence to rules which prevented the Secretariat from using resources in the most economical manner. She urged the Committee to look with an open mind at the recommendations for a new budget format and at the Secretariat's proposal for greater flexibility in managing vacant posts. Member States must realize that by insisting on continued funding for ongoing programmes, regardless of their current relevance, they were placing the Secretariat in an impossible position. As the Under-Secretary-General for Administration and Management had said, to say that every programme was a priority was tantamount to saying that nothing was a priority.

7. The third point was crucial to resolving the financial crisis, since the Secretariat needed to demonstrate that it had effective control over the resources appropriated. That was far from being the case at present. Surely it was reasonable to expect an Organization such as the United Nations to prepare an accurate up-to-date record of real expenditure within 10 to 15 days of the end of each month. Programme managers must keep expenditure within budget allotments and understand the need to redeploy resources, while striving to implement the General Assembly resolutions calling for an absorption of inflationary cost increases.

8. A culture of efficiency and greater accountability must be developed and she would welcome the Secretariat's views on how the management and control problems could be urgently addressed. She felt sure, however, that the United Nations could achieve a sound financial situation by keeping expenditure within resource allocations, offering incentives for timely payment and setting aside increased reserves for unforeseen and extraordinary expenditure on peace-keeping.

9. Mr. CHEN Jian (China) noted with regret that the General Assembly had failed to adopt a resolution on the financial crisis and financial emergency at its previous session, and said he hoped that the current discussion would lead to a satisfactory consensus. The ongoing financial crisis was incompatible with the strengthening of the role of the United Nations and with the increasing expectations and new challenges it faced. As everyone knew, the crisis was caused by the failure of some Member States to pay their assessed contributions to the regular budget and for peace-keeping operations. If the United Nations was to fulfil the hopes and expectations

(Mr. Chen Jian, China)

placed in it, all Member States must meet their financial obligations in full as soon as possible, particularly those major contributors which were financially capable of doing so.

10. He understood that a group of experts was currently studying the problem of the financial crisis and would be making recommendations to the Secretary-General. He hoped that their contribution would prove helpful to the Committee and looked forward to the Secretary-General's report on the subject.

11. His delegation had already given its views on the proposals aimed at resolving the financial crisis which the Secretary-General had submitted to the General Assembly in 1991. In general, it believed that measures such as increasing the Working Capital Fund and establishing various other funds could not fundamentally resolve the crisis, as it would mean shifting the responsibility for arrears in assessed contributions to those Member States which had met their obligations in full. That was unfair and, therefore, undesirable. Given the increase in peace-keeping operations, however, consideration should be given to the proposal regarding the establishment of a Peace-keeping Reserve Fund, since that would help to resolve the problem of meeting the start-up costs of such operations. His delegation was willing to enter into discussions and consultations concerning the size of the fund and the means of financing it.

12. Despite the many economic and financial difficulties it faced as a developing country, his own country paid its regular budget assessment in full each year and also paid all its assessments for peace-keeping operations on time. In that connection, he wished to point out that China had recently paid its assessed contribution of $2.39 million for peace-keeping operations. Accordingly, China's unpaid assessment for peace-keeping operations, as recorded in annex IV to the report of the Secretary-General on the financial situation of the United Nations (A/C.5/47/13), should read $2.96 million.

13. Mr. GOUDIMA (Ukraine), commenting on the report of the Secretary-General on the composition of the existing groups of Member States for the apportionment of the costs of peace-keeping operations financed through assessed contributions (A/47/484), said that he failed to understand why his country, with an average per capita income of less than $3,000, had been placed in group (b), whereas other countries with an average per capita income in excess of $4,000 had been placed in group (c). Furthermore, it was not clear whether the specific economic or other circumstances of individual countries had been taken into account in determining the composition of the groups. In view of the difficulties caused by economic transformation, foreign debts inherited from the former Soviet Union, and the aftermath of the Chernobyl accident, there was every justification for moving his country from group (b) to group (c). Unfortunately, the methodology needed as a basis for such a decision had not yet been worked out and he could only hope that some other country might be willing to exchange groups with his.

(Mr. Goudima, Ukraine)

14. His delegation agreed with the suggestions made in paragraph 9 of the report concerning changes in the allocation of countries to the various groups, under which countries with per capita national income averages at or above $5,000 would be allocated to group (b) and the remainder to group (c). However, he opposed the reference in the report to the recommendations made by the Committee on Contributions in its report to the the General Assembly (A/47/11), in which it proposed new rates of assessment for the regular budget. In his view, those recommendations were highly questionable and prejudged the outcome of the deliberations on the scale of assessments to be held during the current session of the General Assembly, when a proper decision on the matter would be taken.

15. Mr. OSELLA (Argentina), referring to the alarmingly large number of States currently in arrears with their assessed contributions, said that one possible cause might be the economic and financial difficulties experienced by many countries, such as the the negative transfer of resources, the collapse of commodity prices, the lack of access to international markets and the internal restructuring of economies in transition. Only an improved world economy would give the developing countries the means of fulfilling their financial obligations. Argentina itself had long been in arrears to the Organization but in 1992 it had made substantial payments with a view to clearing its debt to the regular budget. The Government had thus made a major effort to live up to its responsibility as a Member State although it was engaged in domestic readjustment and there was no sign of change in the external constraints on its economy.

16. A second possible cause might be political, a lack of sympathy on the part of some States for the Organization's ideals and goals or the absence of a consensus on the means of achieving those goals. Member States should look on their contributions not as an expenditure but as an investment in peace, stability and hope for large sectors of mankind, bearing in mind that, as stated by the Rio Group, the United Nations must have sufficient capacity to carry out its peace-keeping function, given that the resources dedicated to that function would always be incomparably less than the costs of wars (A/47/232, para. 21).

17. In the new era of international relations, when there was consensus on the role that the United Nations should play, greater transparency in the allocation and control of resources would give the Organization greater credibility and ensure adequate financing for all the activities mandated by the General Assembly and the Security Council.

18. His delegation was ready to consider the various temporary expedients suggested by the Secretary-General, but a definitive solution to the financial crisis could be achieved only if Member States met their obligations in full and on time. It awaited with interest the conclusions of the high-level group of experts appointed by the Secretary-General.

(Mr. Osella, Argentina)

19. His delegation was in favour of the proposal regarding the establishment of a Peace-keeping Reserve Fund, to ensure that sufficient funds were available at the start of peace-keeping operations, or an increase in the Working Capital Fund with a component for peace-keeping operations, financed in accordance with the special scale for the apportionment of the costs of such operations.

20. In that connection, considerations of political and economic realism made the current system of financing peace-keeping operations the only viable mechanism. It should therefore be made stable and predictable through the permanent adoption of the scale established under General Assembly resolution 3101 (XXVIII) and subsequent resolutions. The financing of such operations was a collective but not equally shared responsibility of Member States. The permanent members of the Security Council had a special responsibility in that regard, but the competence of the General Assembly with respect to the budgetary aspects of such operations should also be borne in mind.

AGENDA ITEM 102: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/47/5 and Corr.1, vols. I, II and III, and Add.1-3, Add.4 and Corr.1, Add.5, Add.6, Add.7 and Corr.1 (French only), Add.8 and Corr.1; A/47/315, A/47/460, A/47/500 and A/47/510)

21. Mr. PRESSLER (United States of America) said that, in view of the magnitude of the United States assessed contributions to both the regular budget and peace-keeping operations, and the large domestic budget deficit, and recent media reports of waste and fraud at the United Nations, his delegation had a particular interest in the item under consideration. It strongly believed that the United Nations must be held to the highest standards of competence and integrity in the management of its programmes and resources. Unfortunately, over the years, the reports of the Board of Auditors on United Nations accounts had revealed continuing instances of mismanagement, waste, abuse and, in some cases, fraud. The General Assembly had made concerted efforts to address those problems but the Secretariat had made no significant progress towards taking the necessary corrective steps.

22. In the light of the significant resources available to the Secretariat, the adequacy of existing oversight mechanisms - the Board of Auditors, the Joint Inspection Unit, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Internal Audit Division - needed serious examination, as his delegation had stressed at the previous session of the General Assembly.

23. The report of the Board of Auditors (A/47/5 and Corr.1, vols. I, II and III) identified a number of serious deficiencies and abuses, many of them similar to those reported in the past. It was disappointing that ACABQ had been unable to agree on stronger recommendations aimed at correcting the problems; he did not share its belief that the Secretariat by itself would

(Mr. Pressler, United States)

address them in a meaningful way. His delegation therefore recommended that the General Assembly should request the Board of Auditors to undertake an expanded audit of the 1990-1991 accounts, aimed at a further investigation of the issues raised in the report. The audit should also take into account recent public revelations concerning mismanagement and corruption in specific United Nations programmes, departments and expert bodies. Until such an examination had been undertaken and the results submitted to the next session of the General Assembly, his delegation did not believe that the Assembly should approve the results of the audit of the accounts for the biennium 1990-1991. Moreover, without improved performance and measurable progress towards accountability and efficiency, the United States Congress would find it increasingly difficult to fund United Nations programmes.

24. The Secretariat had acknowledged that existing systems for controlling salaries and benefits, which accounted for nearly three quarters of the United Nations regular budget, were ineffective, but Member States had been told that improvements could be expected only after the integrated management information system became operational. In his delegation's view, the absence of the related technology did not absolve the Secretariat from responsibility for the proper administration of resources.

25. At the forty-second session of the General Assembly, the Board of Auditors had issued a special report on measures to prevent fraud and abuse in the payment of staff entitlements and its recommendations had been endorsed by the Assembly. Member States had expected those recommendations to be implemented by the Secretariat, but unfortunately that did not appear to have occurred. The Board reported serious weaknesses in the administration of education grants and dependency allowance payments. The current report did not indicate whether cases of fraud in the payment of those benefits had been identified in 1990-1991, but the serious deficiencies which were apparent suggested the potential for widespread fraud and abuse. In the absence of full documentation to justify such payments, his delegation believed that neither the Board nor the Secretariat was in a position to confirm that fraud and abuse had not been committed by some United Nations staff members. The expanded audit should include a full audit of payments in respect of education grants, dependency allowances, housing subsidies and tax reimbursement. Staff members currently receiving those allowances and benefits should be given 30 days to provide the documentation required to support payments made during the biennium 1990-1991. If that information was not provided or could not be verified, payment should be suspended immediately.

26. The Board reported numerous instances of abuse and poor judgement in personnel management, the most serious being the maintenance on the payroll of the International Decade for Natural Disaster Reduction of the former Director of the Decade, despite his dismissal from the post. His delegation would like to know the justification for that arrangement and whether it was continuing. The Board also reported violations of established procedures governing the employment of individuals on short-term contracts and consultancies, including

(Mr. Pressler, United States)

the employment of former staff members in receipt of United Nations pensions, some of whom were employed by the Organization with earnings in excess of the $12,000 ceiling established under General Assembly resolution 37/237. The Secretariat should provide a list of all such individuals employed during the past year, including those serving as consultants, with an indication of the nature of the work performed and the amount of compensation received. The expanded audit should also investigate all contracts involving retired staff members, with a view to identifying any violations of the provisions of resolution 37/237.

27. The report also revealed serious defects in the staffing-table control system (paras. 169-171). It would appear that the Secretariat could not match personnel and payroll records with the approved staffing table, and that the actual number of staff on the payroll might thus exceed approved levels. A number of supernumerary staff were apparently on the payroll of the United Nations in Vienna (paras. 193-196), a situation which, the Board felt, undermined the staff cut mandated in General Assembly resolution 41/213. The expanded audit should examine the use of supernumerary staff and other measures, such as the long-term employment of certain individuals on short-term contracts, which the Secretariat might have used to offset the required staff reduction.

28. The Board's numerous findings with respect to procurement practices were of serious concern. Fewer than 20 per cent of purchase orders at Headquarters were subjected to competitive bidding; that was a serious violation of the financial regulations and rules of the United Nations. Moreover, in many cases, contracts did not provide adequate specifications for the products or services required. Significant abuse and fraud could thus be occurring. The continuation of such non-competitive practices would make it more difficult for supporters of the United Nations in the United States Congress to defend funding for the Organization. The expanded audit should therefore review procurement practices and decisions, including those relating to peace-keeping operations.

29. Although at the previous session the General Assembly had again urged the Secretary-General to institute strict procedures to control non-expendable property, the Secretariat had not responded seriously. The new standards for managing non-expendable property excluded 99 per cent of all such property from inventory counts. His delegation supported the Board's recommendation that the definition of non-expendable property should be revised to increase the amount of property subject to annual physical counts. The expanded audit should report on corrective action taken to improve property management, as well as on property losses not yet fully documented.

30. Other established financial regulations continued to be ignored. The most serious example reported by the Board related to the Secretariat's decision to provide the United Nations Institute for Training and Research (UNITAR) with nearly $9 million in cash advances without the authorization of

(Mr. Pressler, United States)

the General Assembly. His delegation was not convinced that UNITAR provided tangible benefits to all Member States and, like other delegations, it had repeatedly called for its closure. The authorization of those funds should be considered in the context of a possible decision by the General Assembly on the future of the Institute.

31. In addition to the financial problems identified in the report, the Board made a number of observations concerning the ineffectiveness of United Nations programmes, fragmented organizational structures and the absence of workload standards for determining staffing levels. His delegation endorsed the Board's recommendation that the build-up of unnecessary administrative functions should be avoided when new institutions were established so that there would be no unnecessary overlapping and duplication of existing activities. So far, the Secretariat had been unable or unwilling to undertake the necessary corrective action. In view of the ongoing restructuring process, the expanded audit should examine such matters more thoroughly and provide specific recommendations for implementation later in the reform process.

32. He was pleased to note that the Board's findings and recommendations on peace-keeping had been grouped together and thus brought into sharper focus. That practice should continue and future reports should devote greater attention to peace-keeping operations.

33. It appeared from the Board's report that the Secretariat ignored the findings of the Internal Audit Division. The Board's observation regarding the lack of determination to enforce regulations and rules and to make the heads of units of the Organization accountable for their decisions and actions was particularly troubling. Fundamental changes were needed in the Secretariat's approach to the internal audit function. First, recommendation 39 of the Group of High-level Governmental Experts should be implemented immediately, so that the Director of the Internal Audit would be able to report directly to the Secretary-General. Second, additional resources should be provided to the Internal Audit Division through redeployment so that qualified auditors could be hired as soon as possible. Lastly, the reports of the Internal Audit Division should be made available to ACABQ, so that there could be independent monitoring of the implementation of the Division's recommendations. Furthermore, the management letters submitted by the Board to the Secretariat should be made available to all members of ACABQ throughout the year.

34. Those changes would provide only a short-term solution. More fundamental steps must be taken to ensure that funds were used efficiently, effectively and honestly. Given the gravity of the current situation, the Secretariat should present comprehensive proposals to ensure effective oversight of the Organization's programmes, operations and finances. Such changes were urgently needed to enable Member States to justify to their respective legislatures the resources required to finance the Organization's expanding

(Mr. Pressler, United States)

mandates. In that regard, his delegation welcomed the Secretary-General's intention to submit to the General Assembly at its current session a proposal regarding the establishment of an Inspector-General for the United Nations system.

35. His delegation wished to place on record its serious concern regarding the problems identified in the audit report on the United Nations Development Programme (UNDP). Many of the Board's findings had been reported in the past yet, despite repeated assurances from management, progress towards resolving the outstanding issues had been limited or non-existent. His delegation was also deeply troubled by the case of fraud committed by staff members of the Office of the United Nations High Commissioner for Refugees (UNHCR). It looked forward to receiving further information from the Secretariat regarding the steps taken to recover the stolen funds and to institute legal action against the perpetrators. It would also like to know whether the Administration was investigating the possibility that the individuals concerned were involved in other cases of fraud or presumptive fraud.

36. His country took the findings in the reports of the Board of Auditors very seriously, and assessed the corrective actions taken by the secretariats concerned very closely. Future funding levels for each organization and programme would take account of the progress achieved towards the goal of sound programme and financial management.

37. Given the increasing prominence of the Organization in world affairs and the level of its resources, the public and the news media had become more aware of and more concerned about the management shortcomings of the Secretariat. The high expectations of Governments and people throughout the world made it essential for the United Nations to manage its resources responsibly. The Secretariat must therefore respond in a serious manner to the deficiencies identified in the report for 1990-1991. The results of the expanded audit and the action taken by the Secretariat would give Member States an opportunity, in 1993, to determine whether the Secretariat had committed itself to full accountability for the funds which it managed and what specific actions were being taken to remedy problems. In difficult economic times, waste, fraud, corruption and mismanagement would not be tolerated.

The meeting rose at 11.30 a.m.